Constantia
PACKAGING AG

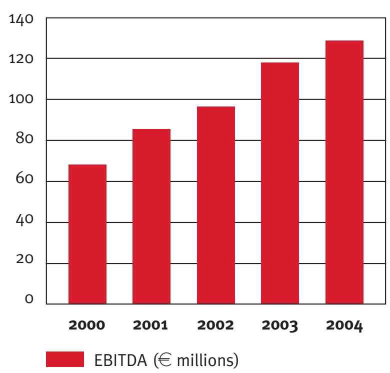

Annual Report **2004**

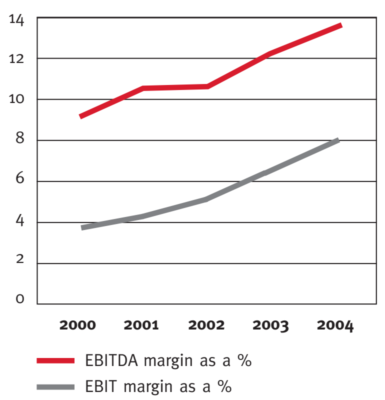
Key figures for the Group

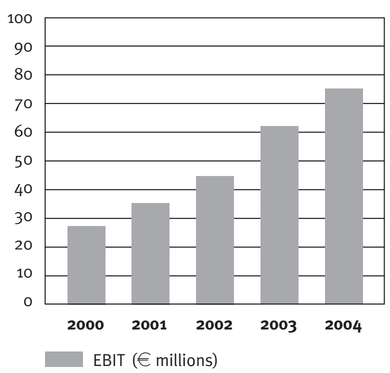
Key figures for the Group (€ millions)	**2004**	**2003**	**% change**
Total sales *	945.0	975.9	-3.2%
Flexible Packaging sales **	710.6	747.3	-4.9%
Corrugated Board sales	235.2	229.5	2.5%
EBITDA	128.4	118.1	8.7%
EBITDA margin	13.6%	12.1%	-
EBIT	75.6	61.6	22.6%
EBIT margin	8.0%	6.3%	-
EBT	69.7	52.6	32.5%
EBT margin	7.4%	5.4%	-
Consolidated net income	37.7	20.3	86.0%
Total assets	747.6	657.1	13.8%
Equity (including minority interests)	258.1	215.6	19.8%
Equity ratio	34.5%	32.8%	5.3%
Debt	489.4	441.6	10.8%
Capital expenditures	76.1	55.6	37.0%
Depreciation (excluding goodwill amortization)	45.1	50.2	-10.1%
Average annual number of employees	5.203	5.372	-3.1%

Stock market data (€)	**2004**	**2003**	**% change**
High	20.75	14.00	48.2%
Low	13.50	9.00	50.0%
Close	20.50	13.50	51.9%
Annual average	18.84	10.98	71.6%
Earnings per share	2.25	1.21	86.0%
P/E ratio (close)	9.11	11.18	-18.5%
Dividend per share ***	0.68	0.52	30.8%
Dividend yield (based on average annual price)	3.61%	4.74%	-23.8%
Shares outstanding	16,800,000	16.800,000	0.0%

* 2003 sales adjusted for Petruzalek disposal € 941.9 million ** 2003 sales adjusted for Petruzalek disposal € 713.2 million *** dividend 2004 proposed







Mission Statement

Constantia Packaging AG manages an active and strategic business portfolio focused on Flexible Packaging and Corrugated Board.

KNOW-HOW Constantia Packaging Group is a leading provider of innovative solutions for shipping packaging, flexible packaging and labeling.

EFFICIENCY Our business activities are characterized by operational efficiency. Lean management structures and decentralized decision-making ensure efficient management.

CUSTOMERS We focus on the needs of our customers and rise to meet the challenges of new markets.

SERVICE Together with our partners, we develop customer-focused solutions and offer a wide range of excellent services as far as end-users.

INNOVATION As a leading innovator, we always seek optimal solutions to help make our customers more competitive.

SHAREHOLDERS We offer our shareholders sustainable, value-oriented growth with continued high profitability and a strong, recurring dividend.

EMPLOYEES We offer our employees challenging tasks and excellent development opportunities within the entire Group.

ENVIRONMENT We consider environmental protection to be a priority. We seek to invest in innovative and environmentally friendly technologies.

OUTLOOK We will continue to expand our position in all our business segments.

Company structure

Constantia PACKAGING AG

Corrugated Board

Duropack
Vienna, Austria
60%

- **Starpack** – Füszesabony, Hungary – 100%
- **Wellpappe Ansbach** – Ansbach, Germany – 100%
- **Bupak** – Ceske Budejovice, Czech Republic – 100%
- **Tespack** – Brestanica, Slovenia – 100%
- **Turpak** – Martin, Slovakia – 92%
- **Werk Kalsdorf** – Kalsdorf, Austria – 100%
- **Dusan Petronijevic** – Krusevac, Serbia – 51%

Flexible Packaging

Constantia Flexibles Holding
Weinburg, Austria
100%

- **Teich** – Weinburg, Austria – 100%
- **G&A Healthcare Packaging** – Sittingbourne, United Kingdom – 100%
- **Heyer** – Natschbach-Loipersbach, Austria – 100%
- **Haendler & Natermann** – Hannoversch Münden, Germany – 100%
- **Drukkerij Verstraete** – Ursel-Knesselare, Belgium – 51%
- **Wanfried-Druck Kalden** – Wanfried, Germany – 100%
- **Danapak Flexibles** – Odense, Denmark – 60%
- **Multifilm** – Elgin, USA – 100%
- **Nusser** – Wangen, Germany – 100%
- **AVI** – Scheden, Germany – 100%
- **Werk Ebert** – Wiesbaden, Germany – 100%
- **SIM'EDIT** – Magny-les Hameaux, France – 98%
- **Corona Packaging** – Ishøj, Denmark – 100%
- **Teich Poland** – Rogowiec, Poland – 100%
- **Jeanne d'Arc** – Joinville, France – 99%
- **H&N Packaging** – Colmar, USA – 100%
- **Rotoflex Technology** – Colmar, USA – 100%
- **H&N Suzhou** – Taicang, Mainland China – 100%
- **Danapak Flexibles (UK)** – Derby, United Kingdom – 100%
- **SIED** – Tunis, Tunisia – 52%
- **GFT** – Hannoversch Münden, Germany – 100%

AMAG

Ranshofen, Austria
25% plus 1 share

As of 12/31/2004, simplified presentation

Contents

Helmut Schwager (left),
Michael Götz (right)

Letter to Shareholders

Dear shareholders

Constantia Packaging AG has completed another successful year. As this 2004 annual report makes clear, last year's results were exceptional, exceeding those of the previous years. Three years ago, we set lofty goals. Thanks to the commitment of our employees, whom we would expressly like to thank here, we were able to achieve them. Let us now run through our company's strategic cornerstones.

Improved margins

With a group-wide 8.0% EBIT margin, up 22.6%, we closed in on our goal of a double-digit margin. A closer look at our two main business divisions confirms the success trend. The Flexible Packaging and Corrugated Board divisions recorded EBIT of €56.1 million and €23.8 million, respectively, in 2004.

Profitable growth, with sustained effects over years

One of the major events of last year was the acquisition of a 25% plus one share equity interest in Austria Metall Aktiengesellschaft (AMAG, Ranshofen). Through this acquisition, we significantly strengthened the Flexible Packaging division and secured its raw materials supply. We now have access to one of the last independent aluminum producers. Our stake in the company, accounted for under the equity method, has already made a positive earnings contribution, notably in terms of net income and earnings per share.

Thanks to this investment, the Group's improved operating income and a lower effective tax rate, consolidated net income jumped 86.0% last year to €37.7 million, while earnings per share rose from €1.21 to €2.25.

Eastern expansion

Our Group has a long tradition of activity in Eastern Europe. We have in-depth knowledge of these dynamic markets. We will continue to invest there in order to become the Central and Eastern European market leader for flexible packaging. Our Corrugated Board division is also looking to improve its position. Through our expansion into the Serbian market, we have taken another step toward our goal of being able to supply all of Central Europe.

Goals

We have again set high goals for 2005. We intend to exploit synergies within the Group more vigorously. The main pillars of our strategy for 2005 are consistent cost controls, selective acquisitions, continuous improvements and continued earnings growth.

We thank you and all business partners for their trust in us, and look forward to another successful year together.

M. Götz — Schwager

Michael Götz — Helmut Schwager

Vienna, April 2005

Security Controls

Tamper-proof foils

Dependable product protection is the most important feature of pharmaceutical packaging. The packaging must not only protect against outside elements such as moisture and light, but also against tampering and illegal copying.

We have therefore developed a series of security watermarks directly integrated into the packaging material. These watermarks allow consumers to recognize the medications as the originals.

We market one such security watermark under the name “Security Foil” for serigraphy packaging.

Company Boards

Managing Board

Michael Götz

Helmut Schwager

Supervisory board

Guido N. Schmidt-Chiari
Chairman

Christine de Castelbajac
Deputy Chairwoman

S.D. Prinz Michael von und zu Liechtenstein
Deputy Chairman

Alfred Fogarassy

Herbert Krejci

Max Turnauer

Rainer Zellner

Supervisory Board committees

Praesidium
Guido N. Schmidt-Chiari
Christine de Castelbajac
S.D. Prinz Michael von und zu Liechtenstein

Audit Committee
Guido N. Schmidt-Chiari
Alfred Fogarassy

Personnel Committee
Guido N. Schmidt-Chiari
Christine de Castelbajac

Executive Committee and Executive Board

from left to right: Gerold Riegler, Ottmar Raum, Uwe Bangert, Peter Szivacsek, Michael Götz, Helmut Schwager, Jan Homan, Helmut Penninger

Executive Committee

The Executive Committee assists the Managing Board with the ongoing development of the Constantia Packaging Group.

The Executive Committee's tasks include important group-wide responsibilities such as strategic planning, markets, technology, acquisitions and overlapping activities.

Executive Board

The four members of the Executive Board also work closely together on all operational matters involving current operations.

Members:

Uwe Bangert
(Haendler & Natermann GmbH)

Michael Götz*
(Constantia Packaging AG)

Jan Homan*
(Teich AG)

Helmut Penninger
(Duropack AG)

Ottmar Raum
(Haendler & Natermann GmbH)

Gerold Riegler
(Teich AG)

Helmut Schwager*
(Constantia Packaging AG)

Peter Szivacsek*
(Duropack AG)

* Executive Board

Constantia Packaging AG stock

The stock market in 2004

Last year, the world's stock markets were marked by volatility resulting from uncertainty over economic growth, interest rates and oil prices. By way of contrast to the other international stock markets, the Austrian market traded at record highs since the beginning of the year.

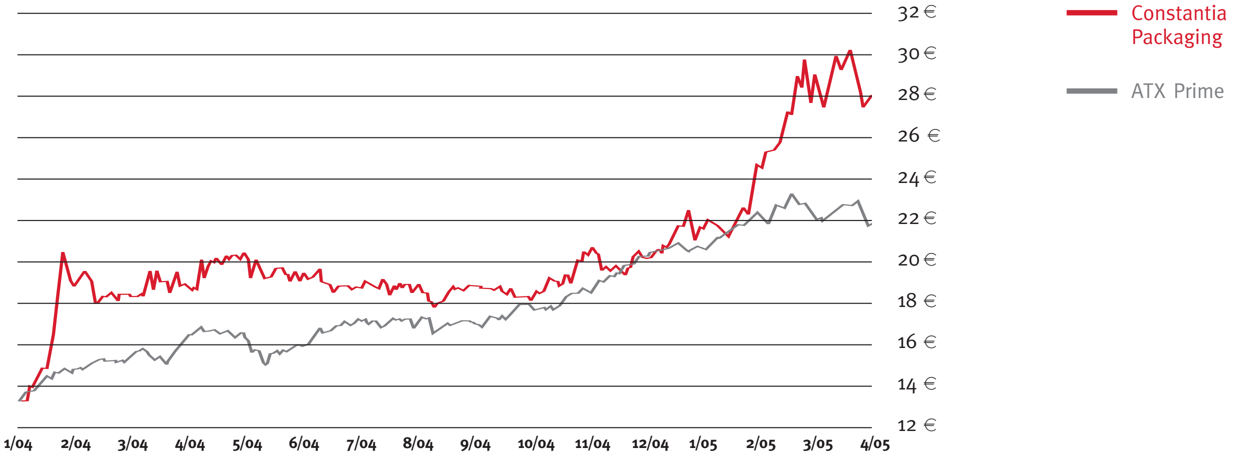
The Vienna Stock Exchange significantly outperformed the leading international exchanges for the fourth consecutive year. The ATX benchmark index was up 57.4% on the year, and reached an all-time high on the last day of trading.

The accession of 10 new countries to the European Union in 2004 – including four countries bordering directly on Austria – made international investors even more aware of the favorable economic and geographical positioning of companies listed on the Vienna Stock Exchange.

The Vienna market's trading volume increased significantly, thanks to the market's appeal, a broader range of investments created through new and secondary issues and the increased number of market participants. Trading volume on the cash market nearly doubled last year. The market also responded favorably to the announcement of a corporate tax reduction following the 2005 tax reform.

Constantia Packaging stock price trends

Constantia Packaging AG has 16,800,000 shares listed on the Vienna Prime Market. The market capitalization as of December 31, 2004 was €344.4 million.



Source: Vienna Stock Exchange

Last year, the company's stock again recorded strong gains. Beginning in January, the price began to climb sharply and reached a temporary high of €20.35. The high for the year was €20.75, the low €13.50.

Overall in 2004, the stock jumped 51.9% from €13.50 to €20.50, after having gained 46.3% the previous year. In 2004, it barely underperformed the ATX Prime Index, which rose by 53.5%.

In light of last year's results, the Managing Board will propose to the Shareholders' Meeting to pay out €0.68 per share, consisting of a dividend of €0.55 and a bonus of €0.13. The dividend yield is thus 3.61%, based on the average share price for the year. The total payout amount is €11.4 million.

Investor Relations

Our investor relations service is designed to provide shareholders and market observers a true picture of Constantia Packaging Group.

Our investor relations activities include talks with analysts and investors, quarterly reports and the publication of the company's annual report. Last year, we broadened our investor relations activities through road shows and media presentations.

Information regarding the Constantia Packaging AG share

ISIN	AT0000943352	Indices:	WBI, ATX Prime
Vienna Stock Exchange symbol	COV	Initial listing:	May 22, 1995
Reuters symbol	CVER_R.VI	Listed shares:	16,800,000
Bloomberg symbol	CNVK AV	Investor relations:	Martin Schneeweiss
Datastream	O:CONV	Investor relations phone:	(43) (1) 588 55 - 220
Trading segment:	Official market	E-mail:	ir@constantiapackaging.com
Market segment:	Prime market	Home page:	www.constantiapackaging.com

Our regular presentations involving recent company developments strengthen our relations with institutional investors. We also serve individual investors through shareholder clubs. In the fall of 2004, we redesigned our web site at www.constantiapackaging.com, which contains all the latest company information.

Investkredit Bank AG serves as the market maker and specialist for Constantia Packaging AG.

The stock is covered by RCB – Raiffeisen Centro Bank, Vienna, and Berenberg Bank, Hamburg. RCB is a leading Austrian investment bank. Berenberg Bank is Germany's oldest private bank, with strong analytical know-how for small- and mid-cap companies.

Constantia Packaging stock €	2004	2003
High	20.75	14.00
Low	13.50	9.00
Year-end	20.50	13.50
Average	18.84	10.98
Market capitalization (12/31, in millions)	344.40	226.80
Earnings per share	2.25	1.21
P/E/ ratio (as of 12/31)	9.11	11.18
Dividend per share	0.68*	0.52
Dividend yield (%)	3.61	4.74

* Proposed

Corporate Governance

The Austrian Corporate Governance Code

The Austrian Corporate Governance Code is a voluntary, self-regulatory initiative that brings a high degree of transparency to all Austrian capital markets participants. It complements the legal requirements for a stock corporation. The code fosters responsible corporate governance and control focused on long-term value creation.

For years, Constantia Packaging AG's strategy has been to add value through sustainable and long-term growth. We are committed to responsible management and control of the Constantia Packaging Group. Strict principles for good management are an essential part of this strategy. Some of the corporate governance principles defined in the code have been part of our corporate culture for many years. They promote adding value and building trust with investors.

Commitment to corporate governance

The Austrian Corporate Governance Code is based on the rules of the Austrian Stock Corporation Law, the Stock Exchange Law and the Capital Markets Law as well as OECD corporate governance guidelines. The Code gains validity through voluntary compliance by companies. By pledging to uphold the Code, companies agree to comply with or explain deviations from the so-called C rules.

Constantia Packaging AG pledges to uphold the Austrian Corporate Governance Code and agrees to comply voluntarily.

For the following C rules, Constantia Packaging AG deviates from the provisions of the Corporate Governance Code drafted February 22, 2005, and justifies these deviations as follows:

Deviations

Number 16 Corporate Governance Code

The Constantia Packaging AG Managing Board currently comprises two people. The division of responsibilities and teamwork are clearly defined. The appointment of a Chairman of the Managing Board does not appear to be advisable when the Board consists of only two members.

Number 38 Corporate Governance Code

Constantia Packaging does not believe that a statutory age limit for Managing Board members is sensible or advisable.

Number 42 Corporate Governance Code

The Supervisory Board of Constantia Packaging AG consists of seven members. Constantia Packaging AG does not believe that the establishment of a separate strategy committee for a supervisory board of this size is necessary. The company's strategy is discussed regularly at meetings of the entire Supervisory Board.

Number 51 Corporate Governance Code

The members of the Constantia Packaging AG Supervisory Board represent the interests of all shareholders. No member of this board explicitly represents the interests of the shareholders making up the free float. So far, no free float representative has run as a candidate at the Shareholders' General Meeting.

Number 54 Corporate Governance Code

Constantia Packaging does not believe that a statutory age limit for Supervisory Board members is sensible or advisable.

Helmut Schwager is a member of the Supervisory Board of Immofinanz Immobilien Anlagen AG, of the subsidiaries of Immoeast Immobilien Anlagen AG (for each, Chairman) and of Constantia Privatbank AG.

Number 78 Corporate Governance Code

We use a risk management system to systematically identify, assess and control all risks. Our subsidiaries directly determine the tasks to be performed in accordance with the specific parameters of each country. So far, the function of the risk management system was not part of the audit opinion.

Mix Technology

Aluminum lid for coffee and tea serving packages

A new and innovative, fully automated espresso machine system that prepares a variety of hot instant beverages uses single-serving containers. The closures for these containers require high density to prevent machine contamination. They must also meet sterilization requirements, be solvent-free and enable content recognition.

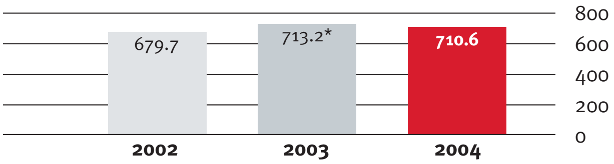
We developed a lid closure that offers all these features and allows for the proper mix. The serving-size container is placed in the machine, and a printed bar code records the type of beverage.

Flexible packaging

The Flexible Packaging business accounts for three-fourths of Constantia Packaging Group sales. We produce high-value-added packaging materials made from aluminum, paper and plastic at 29 sites.

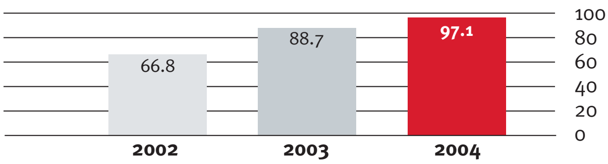
In 2004, this division recorded significant growth in EBITDA and operating income (EBIT), and increased its capital expenditures. Sales contracted by €2.6 million to €710.6 million, down from €713.2 million after adjusting for the Petruzalek Group disposal in 2003, or from €747.3 million on a reported basis.

Sales growth
€ millions



* adjusted for Petruzalek disposal

EBITDA growth
€ millions



Merger

The Flexible Packaging division comprises two subsidiaries, Haendler & Natermann and Teich. In 2004, Constantia Packaging Group decided to merge these subsidiaries into a single packaging entity in order to use their respective capacities more efficiently and to leverage potential synergies. This merger will be implemented over the course of 2005.

This merger will result not only in continued collaboration between the two entities but also a significant increase in the company's market position as a partner for the food and beverage industry and to provide our customers with a common company interface.

Both subsidiaries are still presented separately in the sections that follow.

Haendler & Natermann

Company profile

Haendler & Natermann GmbH (H&N), based in Germany, was founded over 175 years ago. The company specializes in label manufacturing for the beverage industry and flexible packaging, mainly for the food industry. The company is extremely well positioned in the brewery and confectionary sectors.

The Haendler & Natermann Group has 17 production facilities in Europe, North America and China.

Products and customers

The company's slogan is "Uniqueness in Packaging". Indeed, few competitors can offer such a broad range of products in the labels and flexible packaging segment.

Haendler & Natermann Group is the world's leading manufacturer of bottleneck foil. Other products include paper and plastic labels, packaging sleeves and systems such as three-, four- and six-pack bottle holders. The Group has become a leading supplier to the beverage industry thanks to its breadth, specialization and flexibility.

Haendler & Natermann is also among the most productive manufacturers of aluminum and plastic films for the confectionary industry, another core business segment. The Group is a specialist in the hollow chocolate figures segment and is the European market leader in candy twist wraps. H&N offers one-stop shopping for quality film products, from in-house manufacturing of confectionary film to metallization to printing and finishing.

At its plant in Wiesbaden, Germany, H&N manufactures cast-polypropylene films and converts films. Always attuned to environmental protection concerns, the Group has developed EcoTwist film, an environmentally friendly alternative to traditional twist films.

For the food and non-food sectors, H&N develops plastic packaging films and thermo-formed parts, packaging systems, folding cartons and reels. In addition, the company manufactures tubular films for sealing compounds and adhesives as well as films for medical packaging.

Offering everything from packaging and label design to printing, H&N serves the complete range of customer needs. The Wiesbaden plant's vertically integrated manufacturing extends from film extrusion and metallization to printing and coating, giving the company a competitive advantage, notably for twist film packaging solutions. Reduced material thickness and the substitution of EcoTwist film for wax paper are examples of product development that reflect H&N's acknowledged technological prowess in the market.

The Wanfried, Germany plant has offset printing presses and connected paper and carton processing equipment. The plant's production activities include folding cartons, packaging systems and paper labels for European consumer brand companies located mainly in Germany, France and Russia. New product developments in the packaging systems business underscore the innovative, customer-oriented skills for complete solutions.

The AVI plant in Scheden, Germany produces sales packaging used mainly for confectionary and cookies as well as displays and blister packaging. With its own mold-making, tooling and on-site extrusion capacity, the plant can respond quickly to market trends and meet individual customer requirements, which gives us a competitive advantage.

With four plants in France and two in North America, the Sim'Edit Group prints labels for food, soft drinks, bottled water, dairy products and cleaning products for the French-speaking markets, Spain, Italy and North America. This company's strengths include responsive service, unmatched quality and competitive pricing.

In Belgium, Drukkerij Verstraete is a leading supplier of specialty plastic labels for injection- and blow-molded plastic containers.

In the label printing segment, H&N is a leader in polypropylene and paper printing. The company supplies injection-molded labels for lids, containers and bottles as well as paper and plastic labels for beer bottles and soft drinks, disposable bottles and cans.

Customers include well-known brewery groups and food producers such as Heineken, Interbrew, Krombacher, SAB, Carlsberg, Ferrero, Danone, Storck, Bahlsen, Kraft Foods and Bauer. In the non-food sector, the largest customers include Osram, Braun Melsungen and Bosch.

Teich Group

Teich AG, an Austrian company founded in 1912, manufactures flexible packaging materials. Backed by international sales and production companies, Teich's activities are focused mainly in the European Union and Central and Eastern Europe.

The company has an edge over the competition through its proprietary aluminum mill, vertically integrated production and in-house foil supply. By having its own mill, Teich Group is better positioned to respond to customer preferences and offer innovative secure solutions, especially to pharmaceutical industry customers.

Teich Group has 12 production facilities in Europe, the United States and Africa.

Products and customers

Teich Group comprises three business units:

Dairy & Food
Container closure systems for the dairy industry (including re-sealable lids), butter and cheese foils, confectionary packaging (including chocolate bar foil), pouches for soups, sauces and entree mixes.

Pharma/Healthcare
Pharmaceutical packaging materials (including aluminum foil and aluminum foil laminates for pills, tablets and capsules in blister packaging).

Alufoil Container-Systems
Aluminum trays and lids for the food industry (e.g. for dessert products and spreads) as well as for the pet food industry (cat food and dog food).

The *Dairy & Food* unit offers innovative solutions in terms of consumer convenience such as easy-open beverage lids, and is also a leader in coating technology. In the heat-sealing lacquer and lids segments, Teich AG's technology leads the way in Europe. The company is also a leader in heat-sealing lacquer coating for chocolate bar wrappers. With its new soup packaging, the Group achieved a favorable market position in the dried food pouches segment.

Through its *Pharma/Healthcare* unit, the company is the world's second-largest producer of flexible pharmaceuticals packaging. The market-oriented distribution organization, supported by production facilities in Europe and the United States and distribution partners on all continents, provides responsive customer service. The core business of blister packaging is among the global sales leaders, and cold form products continue to gain market share through continuous quality improvements. This business unit is growing apace through the success of innovative projects in the areas of tamper-proof foils, cold forming and film-based specialties.

Teich's *alufoil container systems* unit is the world's second-largest manufacturer of complete systems for trays and lids, and continues to win market share. The company's customized coating systems can meet the demanding sterilization requirements of the pet food industry while offering practical functionality, such as the ability to bake dessert products in the aluminum tray. In this area, Teich's customers particularly appreciate the high degree of flexibility, customer service and product know-how offered through direct sales as well as the vertically integrated manufacturing of aluminum foil, trays and lids. This business unit ensures growth through innovative solutions such as a partially embossed, deep-drawn lids, which by virtue of their smooth surfaces enable glitch-free bar code scanning at the supermarket, and through creative new designs.

Customers include leading domestic and multinational corporations such as Unilever, Arla, Campina, Kraft, Master Foods, Danone, Tetra Pak, Wrigley, Ferrero, Müller, Pfizer, Bayer, Wyeth and Nestlé.

Strategic 25% plus 1 share interest in Austria Metall Aktiengesellschaft

In May 2004, Constantia Packaging AG acquired a 25% plus one share equity interest in Austria Metall AG, Ranshofen. The acquisition was made retroactive to April 1, 2004.

AMAG profile

Austria Metall AG (AMAG) is Austria's leading producer of semi-finished and cast aluminum products for the manufacturing industry.

The company's production comprises

- High-quality rolled products for sectors such as packaging, bright products, tread plates, shates, cathode sheets, clad brazing sheets and the sporting, automotive and aerospace industries.
- Customized specific sections from aluminum soft alloys and used in fields such as exterior and interior construction, transportation, machine tool manufacturing, automotive and electronic applications.
- Cast aluminium alloys in the form of bi-part or horizontally cast ingots used in the automotive, machine construction and electronics industries.
- Extrusion billets used as feedstock for extrusion plants.

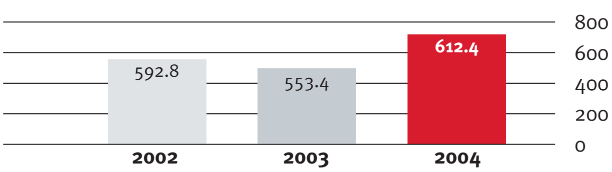
AMAG is a flexible, medium-sized company whose strengths are based on the following factors:

- Integrated production facility in Braunau-Ranshofen, Austria: the rolling mill and extrusion plant have on-site access to a casthouse which supplies the raw material. This casthouse also ensures the continued development of the technological and metallurgical competencies of both manufacturing plants.
- Proprietary metal supply: The supply of primary metal is ensured through ownership interests in smelters in Canada and Germany.
- Motivated and productive employees, with know-how in aluminum production and processing to ensure high quality and service.

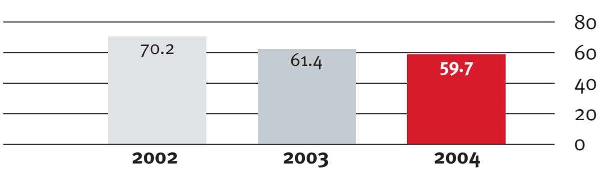
The acquisition of this equity interest in AMAG has given us a blocking minority in one of the last independent European aluminum producers.

This stake also ensures a steady supply of raw materials to the Constantia Packaging Group. Thus we have extremely close ties to one of our most important raw materials suppliers, ties that ensure normal business cooperation through supply and purchase contracts.

AMAG sales growth
€ millions



AMAG EBITDA growth
€ millions



Risk Management

Hazardous materials packaging for airbag detonators and belt tensioners

Given their explosive charge, airbag detonators are considered hazardous materials. Previously, no satisfactory shipping packaging was available on the market.

We therefore developed a lightweight packaging solution that uses a metal cage in corrugated board, which offers security and partial re-usability and recyclability. It passed the required bonfire test flawlessly.

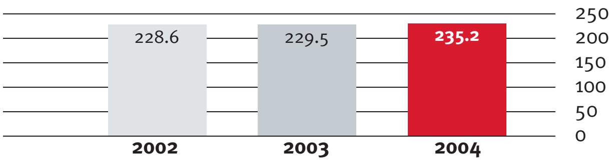
We market this packaging program under the name Durosafe.

Corrugated Board

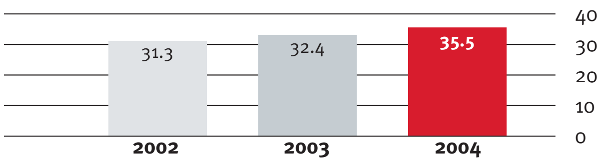
In the corrugated board segment, Duropack Group has 11 production facilities in seven countries of Central and Eastern Europe.

In 2004, the company recorded its fifth consecutive year of record results, as sales, operating income (EBIT) and EBITDA all posted gains.

Sales growth
€ millions



EBITDA growth
€ millions



Company

DUROPACK AG

Based in Austria, Duropack was founded in 1910. The company manufactures all types of corrugated board along with a range of specialty products such as heavy-duty packaging, shipping containers and point-of-sale displays. Duropack offers full-scale production of corrugated board packaging and displays as well as high-value flexo printing. Shipping packaging, which plays an essential role in the efficient distribution of goods, accounts for the largest share of production.

Duropack is among the most successful companies in its industry and generates sales in many European countries. In 2004, the Group produced approximately 435 million square meters of corrugated board and around 82.6 kilotons of corrugated board raw materials. Under one roof, Duropack produces everything needed for manufacturing corrugated board packaging and displays.

Duropack AG has two plants in Austria and another nine plants in Germany, Hungary, Slovenia, Czech Republic, Slovakia and Serbia.

Products and customers

The Group's motto is "Everything made from corrugated board". Corrugated board products are innovative packaging solutions used in a variety of sectors:

- Detergent packaging
- Gift packaging
- Fruit and vegetable packaging
- Displays and decor systems
- Mailing boxes
- Storage systems
- Beverage cartons
- Sales packaging
- Machinery and equipment packaging
- Auto industry packaging
- Electronics manufacturing packaging
- Chemical containers
- Liquids packaging

The food, tobacco and alcohol industry is the company's leading customer, accounting for one-third of sales. Other major customers come from the electronics, automotive and chemical industries as well as the corrugated board processing segment.

Customers include leading domestic and multinational corporations such as DaimlerChrysler, BMW, Nestlé and Unilever.

Customer satisfaction is only one measure of our high-quality products. Last year, the Group once again won several international awards.

At the leading European flexo print competition, the 2004 European Flexographic Technical Association (EFTA) Print Award, the Group won two gold medals, a bronze medal and another gold medal for the best newcomer. The bronze medal came in the "Print of the Year" category. For the first time, a corrugated board producer won an award in this category.

After receiving the German Packaging Award in 2003, the innovative "Durosafe" airbag hazardous material packaging also received the "Worldstar Award".

As part of another international competition, our Group was awarded the Emballissimo 2003 prize for tea gift packaging and received another award.

Economic environment

General economic environment

In 2004, economic trends contrasted sharply in the world's major regions. The United States recorded robust, 4.4% real GDP growth, the strongest rate in five years. Southeast Asia again led the way with 7.5% growth, mainly on the strength of China's economic boom, with its approximately 9% real GDP growth.

Europe, meanwhile, recorded 1.8% growth, which was well below expectations. The new European Union members and other Eastern European countries waiting to join provided some spark, however, with 5.3% growth.

Last year, Austria felt the impact of Western Europe's sluggish economy, but still managed to gain market share. Aided by a positive trend in the industrial cycle and domestic demand, Austria managed to outperform the average for the European Economic Area.

Driven by strong exports, Austria's economy grew by a substantial 2.0% last year, with approximately 7% growth in the manufacturing sector, well above the European average. Following the global economic recovery, which saw the strongest growth in 18 months, Austrian exports increased in real terms by around 10%. Compared to the recoveries in the United States and Asia, however, Europe's performance was disappointing. By the second half of the year, the modest economic recovery was slowed by the surge in the euro, higher oil prices and dampened consumer spending.

Inflation trends were marked by the high oil prices. In Austria, inflation reached 2.1% in 2004, of which one-half percentage point could be attributed to the increase in energy prices.

Employment, household income and consumption all posted gains last year. The economic growth was strong enough to increase the number of jobs significantly, but was not sufficient to drive down unemployment.

Economic growth in the Central and Eastern European countries (CEE-11) jumped from 4.0% in 2003 to 5.3% last year, driven in part by the initial round of European Union accessions. Industrial production increased by around 10%, and capital expenditures also contributed to the economic expansion. Whereas economic growth was still heavily dependent upon domestic demand in 2003, the impact of foreign demand was measurable last year. The growth rate increased in all CEE countries with the exception of Croatia. Of the larger economies, Poland led the way with 5.4% growth, followed by Slovakia and Hungary. Romania and Bulgaria, meanwhile, recorded boom-like growth rates of 8.3% and 5.6%, respectively.

Economic environment in selected markets

Constantia Packaging Group has activities in the Flexible Packaging and Corrugated Board segments.

Flexible packaging customers include consumer goods manufacturers and companies in the food, beverages, pharmaceuticals, and pet food sectors, whose markets are largely independent of cyclical economic trends.

Despite the sluggish performance of our main markets – notably Germany – the Flexible Packaging segment recorded growth in the dairy and food areas. Thanks to an improved product mix focused on high-value-added products (non-commodities), the sales growth also resulted in higher earnings.

The pharmaceuticals and health care segment grew thanks to increased specialization and innovation. Product launches such as a security foil for blister packaging met with growing demand.

In the alufoil container systems segment, heightened competition led to competitive pricing pressures, but we nevertheless were able to record double-digit sales and sales volume growth.

In the Corrugated Board segment, local market demand (approximately 300 km radius) is the decisive factor. Customers consist mainly of cyclically dependent capital goods manufacturers, and they value a close relationship for made-to-order manufacturing. In addition, logistics such as storage and freight costs can have a major impact on prices. Because customers must manage their working capital more closely, the volume of just-in-time deliveries is increasing.

Last year, corrugated board sales volume rose by 4% in Austria and 3% in Germany. The key corrugated board markets of the Czech Republic, Slovakia and Slovenia recorded even stronger gains. In Hungary, demand was stable.

With the decrease in paper prices, sales volume growth in these markets outpaced that of sales. Thanks to its focus on high-margin products in Austria, Germany and Hungary, the corrugated board segment's sales growth outpaced that of the market as a whole.

Purchasing and raw materials

Aluminum, plastic, paint and lacquer as well as corrugated board base paper are among the primary raw materials used by Constantia Packaging Group.

In 2004, the flexible packaging segment's materials markets saw increased prices on petroleum-based raw materials, chemicals and aluminum.

Global demand for primary aluminum rose by around 9% last year. This increase was driven mainly by China, the United States and the emerging markets of East Asia, and only to a limited degree by Japan and Western Europe. Worldwide, demand for aluminum outstripped supply.

Last year, the three-month average price of aluminum on the London Metal Exchange was $1.721 per metric ton, or 20.5% higher than the $1.428 per metric ton in 2003.

The impact of higher aluminum prices was mitigated by the euro's strong gains. The dollar's average exchange rate against the euro rose from 1.13 to 1.24 last year, thereby limiting the increase in euro-denominated aluminum prices to 9%, substantially less than the price increase measured in dollars. The flexible packaging segment nevertheless strives to limit the impact of price increases through process optimization and hedging strategies.

Last year, in order to secure the supply of pre-rolled aluminum strip, Constantia Packaging AG acquired a 25% plus one share equity interest in Austria Metall AG (AMAG), Ranshofen, one of the few remaining independent aluminum producers.

The supply of basic chemicals was ensured through long-term contracts, which partially offset the increase in basic chemical and petroleum-based products.

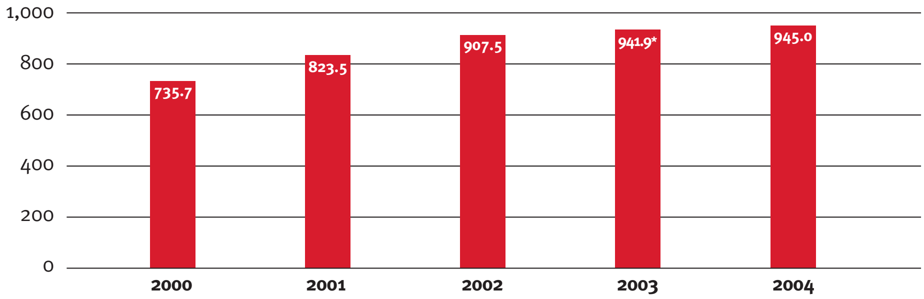
In the corrugated board base paper segment, prices fluctuated again last year. Market overcapacity led to further price reductions for base paper made from recycled paper.

Sales trends and earnings trends

Sales trends

In 2004, consolidated sales totaled €945.0 million, down from €975.9 million the previous year. Adjusted for the disposal of the Petruzalek Group, however, 2003 sales were only €941.9 million.

Sales growth 2000-2004 in € millions

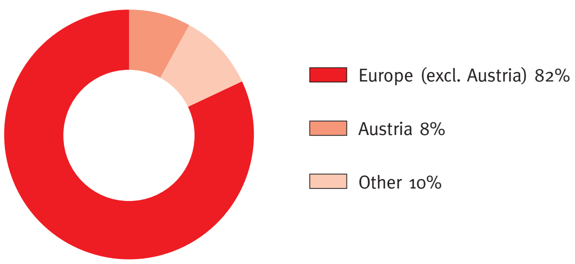


* Adjusted for the Petruzalek Group disposal in 2003.

International markets

Non-Austrian sales accounted for 91.8% of Constantia Packaging Group sales in 2004, compared to 89.8% in 2003. The largest end-user market remained the European Union and other European countries, which combined accounted for 81.5% of the total, compared to 59.4% in 2003. The increased sales within the European Union can be attributed to the accession of the 10 new members in 2004.

Consolidated sales by region in 2004

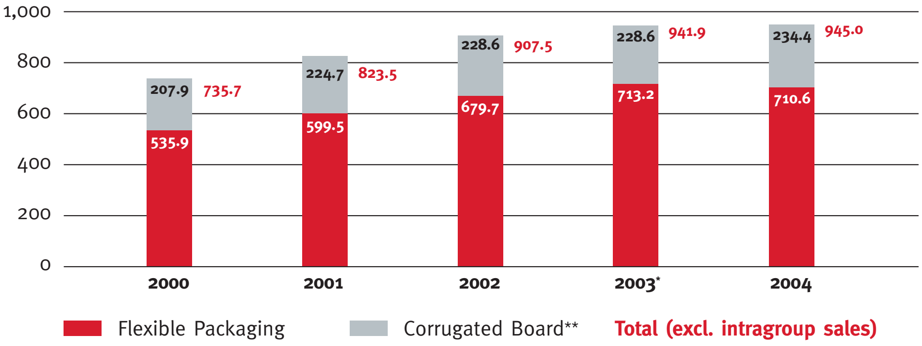


Division sales

The Flexible Packaging division accounted for approximately 75% of total consolidated sales in 2004. Division sales of €710.6 million were down €2.6 million from €713.2 million in 2003 (after adjusting for the 2003 disposal of Petruzalek Group) or down from €747.3 million on a reported basis.

The Corrugated Board division's sales rose by 2.5% to reach €235.2 million, up €5.7 million from €229.5 million. Corrugated board sales volume rose by 6.2% to 435 million metric tons, and base paper production was up by 8.8% to 82,662 metric tons. The capacity expansion at the Ansbach plant in 2003 provided a further strong boost to production volume in 2004.

Consolidated sales by division
€ millions



* Adjusted for the Petruzalek Group's disposal in 2003
** Excluding intragroup sales of €0.8 million in 2004 and €0.9 million in 2003

Earnings trends

Consolidated sales increased by 0.3%, or €3.1 million, from €941.9 million in 2003 (after adjusting for the Petruzalek Group disposal) to €945.0 million last year. From January through November 2003, the Petruzalek Group had sales of €34.0 million, which were included in the consolidated total. Left unadjusted, consolidated sales totaled €975.9 million in 2003.

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew much more rapidly, rising by 8.7%, or €10.3 million, from €118.1 million to €128.4 million last year. This growth resulted largely from the positive effects of strict cost control, the group-wide purchasing project and the focus on high-margin products.

Earnings before interest and taxes (EBIT) grew even more rapidly, rising by 22.6%, or €14.0 million, from €61.6 million to €75.6 million. This growth was attributable to the €5.1 million decrease in depreciation, which stood at €45.1 million last year. In 2003, depreciation had increased to €50.2 million as a result of a non-recurring, €5.1 million impairment charge on the tangible fixed assets of H&N Packaging Inc. (USA). Last year, goodwill amortization rose by €1.5 million.

Positive earnings again

Earnings before tax (EBT) increased by 32.5%, or €17.1 million, from €52.6 million to €69.7 million last year. This gain can be attributed to the increase in EBIT as well as the improved net financial result, which benefited from €4.0 million in equity-affiliated income from AMAG.

The corporate income tax expense contracted by €2.7 million, falling from €24.9 million to €22.2 million. This includes €4.0 million in expenses related to the capitalization of deferred taxes following the acquisition of Thorn Lighting Group.

Earnings per share jumped 86.0%, or €1.04, from €1.21 to €2.25. Given this positive development, the Managing Board proposes to increase the dividend per no-par value share from €0.52 to €0.68.

The relative cost of materials fell by 2.3 percentage points, or 4.2%, from 53.2% to 50.9%. The €37.7 million reduction in materials costs to €481.4 million was largely due to the deconsolidation of the Petruzalek Group in 2003.

Price increases resulting from the increase in dollar-denominated oil and aluminum prices were offset by a strong euro and internal company measures. The lower relative cost of materials also reflects the company's focus on high-margin products.

Personnel expenses remained flat at €223.2 million last year, compared with €223.0 million in 2003. The full impact of restructuring measures implemented in 2003 at the Western European plants, in particular at Haendler & Natermann GmbH, were felt last year. Adjusted for personnel costs at Petruzalek in 2003, personnel expenses rose in line with sales.

Other operating expenses contracted by 4.4%, or €5.9 million, from €133.8 million to €127.9 million last year. Of the total reduction in these expenses, €4.1 million was due to the Petruzalek disposal. An additional €1.8 million in other operating expense reductions was achieved through strict cost control, even as the company recorded sales gains. Adjusted other operating expenses totaled €129.7 million in 2003.

The net financial result improved by €3.2 million, as the net loss was reduced from €9.1 million in 2003 to €5.9 million last year.

This improvement was due to the first-time consolidation of €4.0 million in equity-affiliated income from AMAG. Excluding this income, the net financial loss widened by only €0.8 million to €9.9 million, since operating cash flow was used to finance a portion of the €75.0 million equity interest purchase in AMAG.

The group-wide working capital project launched in 2003 continued to generate positive effects in 2004 and helped to reduce interest expense.

Net income increased by 71.4% from €27.7 million to €47.5 million, while consolidated net income (after minority interests) rose by 86.0%, or €17.4 million, to €37.7 million.

Summary income statement

€ millions	**2002**	**2003**	**2004**
Sales*	907.5	975.9	945.0
EBITDA	95.9	118.1	128.4
EBITDA – margin	10.6%	12.1%	13.6%
EBIT	46.7	61.6	75.6
EBIT – margin	5.1%	6.3%	8.0%
Net financial loss	-10.1	-9.1	-5.9
EBT (Earnings before tax)	36.6	52.6	69.7
EBT – margin	4.0%	5.4%	7.4%
Consolidated net income	**14.2**	**20.3**	**37.7**

* 2003 sales adjusted for Petruzalek disposal €941.9 million.

Financial situation, net worth and capital structure

Total assets were up by €90.4 million, from €657.1 million to €747.6 million last year. This increase was mainly due to the 25% plus one share equity interest in AMAG (€75.0 million purchase price, additional €4.0 million contribution of equity-affiliated income and a €1.2 million currency translation gain reported by AMAG under shareholders' equity). Two companies acquired in 2004, the Serbian corrugated board producer Dusan Petronijevic and Austria-based Thorn Lighting Group Holding GmbH, were first-time consolidated last year.

The relative share of fixed assets increased by 33.1%, or €111.5 million, from €336.9 million to €448.5 million. It thus increased by 8.7 percentage points from 51.3% to 60.0%. Of the total increase, €80.2 million was due to equity interests and €29.5 million to tangible fixed assets.

Goodwill contracted by €7.8 million, from €37.0 million to €29.2 million. A goodwill impairment charge of €3.7 million was recorded on G&A-Healthcare Packaging Ltd.

Current assets contracted by 6.6%, or €21.1 million, from €320.2 million to €299.1 million last year. Relative to total assets, they fell by 8.7 percentage points, from 48.7% to 40.0%. This decrease was mainly due to the €34.9 million decrease in cash and cash equivalents.

Thanks to the group-wide working capital project, average working capital in 2004 was reduced by 5.5%, or €9.7 million, from €176.5 million to €166.8 million. Working capital is calculated as inventories plus accounts receivable less accounts payable.

On the liabilities side, the equity ratio including minority interests rose once again last year, this time by 1.7 percentage points from 32.8% to 34.5%.

The debt-to-equity ratio increased from 78.2% in 2003 to 86.9% last year as a result of the increase in net debt through the acquisition of the equity interest in AMAG.

Despite the €75.0 million purchase of the equity interest in AMAG, bank debt was only up €19.7 million. The decrease in cash and cash equivalents went toward paying down bank debt and profit-sharing capital.

Summary consolidated balance sheet

€ millions	2002	2003	2004
Fixed assets	355.4	336.9	448.5
Current assets	335.1	320.2	299.1
Total assets	**690.5**	**657.1**	**747.6**
Shareholders' equity (incl. minority interests)	203.3	215.6	258.1
Equity ratio	29.5%	32.8%	34.5%
Long-term reserves and liabilities	197.9	178.8	220.3
Short-term reserves and liabilities	289.3	262.8	269.1
Total liabilities and shareholders' equity	**690.5**	**657.1**	**747.6**

Cash flow statement

The cash flow statement offers a closer look at the company's financial situation. Consolidated cash flow from operations rose by 22.1%, from €80.6 million to €98.4 million last year. This increase resulted mainly from the sharp increase in earnings before tax as well as lower tax payments.

Cash used for investing activities (ICF) increased by €99.3 million from €-33.0 million to €-132.3 million. This increase resulted largely from the acquisition of a 25% plus one share equity interest in AMAG for €75.0 million and a €20.5 million increase in capital expenditures. The 2003 ICF figure also included €8.1 million in proceeds from the sale of the Petruzalek Group.

Despite the acquisition of the AMAG shares for €75.0 million, the net cash position was reduced by only €34.7 million, since operating cash flow was used to cover capital expenditures, dividends and a portion of the AMAG purchase.

Summary cash flow statement

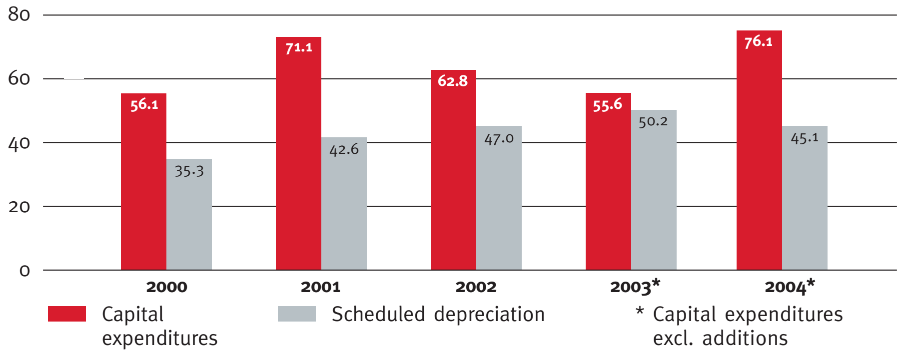
€ millions	2002	2003	2004
Cash flow from operations	64.0	80.6	98.4
Operating cash flow (OCF)	94.4	85.5	91.4
Investment cash flow (ICF)	-65.1	-33.0	-132.3
Financing cash flow (FCF)	-8.8	-41.2	6.2
Change in cash and cash equivalents	**20.5**	**11.3**	**-34.7**
Cash equivalents (liquid funds)			
Balance on January 1*	65.1	62.7	72.4
Currency translation differences	-0.3	-1.6	0.4
Balance on December 31*	85.3	72.4	38.1
Change in cash and cash equivalents	**20.5**	**11.3**	**-34.7**

* Cash equivalents was reclassified in 2004 and restricted to liquid funds excluding securities. Thus proceeds from short-term investments of liquid funds were reclassified from cash and cash equivalents, and the presentation of the 2003 figures was adjusted accordingly. The cash equivalents balance on December 31, 2002 included €22.6 million in securities, which was no longer included in the balance of cash and cash equivalents effective January 1, 2003.

Capital expenditures

Capital expenditures in intangible and tangible fixed assets totaled €76.1 million in 2004, well above the scheduled depreciation of €45.1 million. In 2003, the respective totals were €55.6 million and €50.2 million.

Capital expenditures and depreciation
€ millions



Capital expenditures by division

Capital expenditures in the Flexible Packaging division totaled €58.3 million last year, up from €44.9 million in 2003, including Petruzalek. They include the new construction of a second Verstraete plant in Belgium, the purchase of the Vittel, France mineral water label printing facility through Sim'Edit and the construction of the Heyer pharmaceuticals packaging center in Loipersbach, Austria, as well as other investments in UV flexo printing equipment.

In 2004, Teich AG began preparations for its large-scale rolling mill project (Walzwerk 2), which is scheduled for completion in 2006 and will increase the full capacity of the Mühlhofen plant by around 15,000 metric tons. Along with the acquisition of the equity interest in AMAG, the Walzwerk 2 project is designed to secure the long-term supply of pre-rolled aluminum strip and film for the Flexible Packaging division.

Capital expenditures in the Corrugated Board division totaled €16.2 million in 2004, up from €10.6 million. These expenditures were focused on the renovation and modernization of the corrugated board facilities in the Czech Republic and Slovenia as well as investments in the stamping facility in Kalsdorf, Austria.

Fixed assets also increased further through the first-time consolidation of Serbia-based Dusan Petronijevic in 2004 (Corrugated Board division).

AMAG

The Equity interests position relates to the 25% plus one share stake in AMAG, which is designed to secure the long-term supply of pre-rolled aluminum strip for the Flexible Packaging division.

AMAG is Austria's leading producer of aluminum strip and cast aluminum products for the manufacturing industry. AMAG is one of the few independent aluminum producers and ensures its own steady supply of the primary metal through ownership interests in aluminum smelters in Canada and Germany.

The company produces high-quality rolled products, customized special profiles, cast alloys and round bars.

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Key figures for the AMAG Group:

€ millions	2002	2003	2004
Sales	592.8	553.4	612.4
EBITDA	70.2	61.4	59.7
EBITDA-margin	11.8%	11.1%	9.7%
EBIT	43.2	34.7	29.7
EBIT-margin	7.3%	6.3%	4.8%
Total assets	561.3	638.2	704.3
Shareholders' equity	286.9	310.0	329.9
Equity ratio	51.1%	48.6%	46.8%
Debt	274.4	328.2	374.4
Capital expenditures	28.1	105.1	94.1
Depreciation	27.2	26.6	30.1
Employees at year-end	1,504	1,517	1,551

The acquisition price for the 25% plus one share equity interest in AMAG was €75.0 million, including an earn-out agreement. The cap on this earn-out agreement is €28.1 million, which, if all its conditions are met, would bring the total acquisition price to €103.1 million.

This earn-out clause goes into effect if AMAG reaches certain targets specified in the acquisition contract. The first payment related to this earn-out agreement would be based on the 2007 results. The last year of potential payments related to the earn-out agreement is 2012. Netherlands-based Constantia Packaging B.V., which also holds a majority interest in Constantia Packaging AG, is the seller of the equity interest.

Thorn Lighting Group

Thorn Lighting Group represents a strategic bridge to a partnership with Zumtobel AG in aluminum purchasing and individual packaging solutions for Zumtobel Group products. At the time of the acquisition, Thorn Lighting Group Holding GmbH and its five foreign subsidiaries had no operating activities and no employees.

Necklace

Bottleneck foil for long-neck bottles

Bottle labels play an important role in the consumer's purchasing decision. Cutting-edge soft drinks and mixed beverages producers and breweries are increasingly using slender, attractive bottles. New bottle shapes and marketing place strong demands on the material, form and color of the labels.

We therefore developed specific bottleneck labels, which satisfy all these demands. Through a variety of stamping methods, different light refraction and emphasis can be achieved. The new aluminum labels offer a high degree of suppleness and a clearer printing image than traditional labels, and the foil is more workable.

Flexible Packaging segment

General

The Flexible Packaging division produces packaging materials for the confectionary, food and pet food, pharmaceuticals and beverage industries. The pharmaceuticals, dairy, food, tobacco and alcohol sectors therefore account for a substantial portion of this division's sales. The relative share of sales to the beverage and pet food industries continued to grow last year.

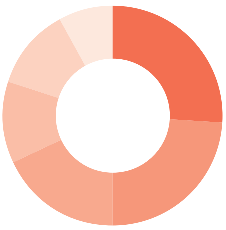
The merger of the previously independently managed subsidiaries Teich and Haendler & Natermann into a single packaging materials group in 2004 creates synergies and significantly improves our market position while presenting our customers with a common company interface.

Flexible Packaging segment key figures

€ millions	2002	2003	2004
Sales*	679.7	713.2	710.6
Capital expenditures	50.7	44.9	58.3
EBITDA	66.8	88,7	97.1
EBIT	29.2	44.0	56.1
Employees	3,492	3,727	3,544

* 2003 sales adjusted for Petruzalek disposal; 2003 reported sales €747.3 million.

2004 segment sales by sector



Dairy	26%	Pharmaceuticals	12%
Beverage/ labels	24%	Other branches and products	12%
Confectionary	18%	Dessert and pet food/Alucontainer	8%

2004 results

The successful developments of the previous years continued apace last year. Flexible Packaging division sales contracted by €2.6 million to €710.6 million, down from €713.2 million in 2003, after adjusting for the disposal of the Petruzalek Group, or from €747.3 million on a reported basis.

Europe was once again the main end-user market, accounting for 79.7% of total sales. Austria contributed only 2.8%. Germany and France were the largest markets, with

29.7% and 13.0% shares, respectively. The weight of the Eastern European countries, which already account for 9.4% of total sales, is growing.

In 2004, the full impact of the restructuring and cost control measures initially implemented in 2003 and continued last year was felt.

One of our main areas of focus last year was the optimization of our production processes. Against a backdrop of steadily rising commodities prices, we identified and implemented additional cost-saving measures in terms of materials consumption.

Our success last year included a number of projects by our business units, goal-oriented key account management and investments in promising technologies. The favorable developments at the Danapak Group, which enjoyed a successful turnaround, are particularly noteworthy.

Business Units

The European pharmaceuticals and health care market is marked by a steady stream of new product launches, which in turn generate growing demand for our products. Last year, the Pharmaceuticals/Healthcare unit recorded double-digit growth, especially in the cold form area. Developments in this area were marked by specialization, internationalization and innovation. After years of development efforts, we pioneered a ground-breaking safety feature for pharmaceuticals packaging by bringing the security foil to market readiness.

The Dairy & Food unit recorded overall sales growth of around 3% last year. This growth qualifies as a major success, given the stagnant market environment, especially in Germany, our main market.

As the world's number two producer of complete alufoil tray and lid systems, we substantially expanded our market share in the pet food, dessert and spreads segments. We recorded double-digit sales and sales volume growth, despite increased raw materials prices and heightened competition.

In the labels segment, we did not meet all of our sales targets on account of weak demand in the beverage industry. Conversely, our sales of confectionary foils and grease-proof foils for the dairy industry posted gains. In Southeast Asia, where competition from local producers is growing, we maintained our existing sales levels by shipping product from our own factory in China. We entered a new labels market segment with the manufacture of plastic wrap-around, shrink-sleeve labels for the dairy industry.

A highlight of 2004 was the opening and operational start-up of Verstraete's new plant in Belgium. This company, in which we hold a 51% stake, is Europe's leading producer of in-mould labels.

Capital expenditures and employees

Capital expenditures in the Flexible Packaging division totaled €58.3 million, up from €44.9 million, including Petruzalek. These expenditures include the new construction of a second Verstraete plant in Belgium, the purchase of the Vittel, France mineral water label printing facility through Sim'Edit and the construction of the Heyer pharmaceuticals packaging center in Loipersbach, Austria, as well as other investments in UV flexo printing equipment.

The average number of employees decreased by 183 to 3,544 last year, mainly as a result of the Petruzalek Group disposal and structural layoffs at H&N Group in Germany.

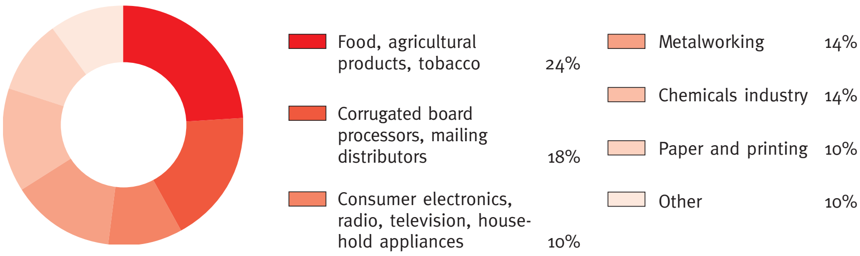
Corrugated Board segment

General

The Corrugated Board division comprises the companies of Duropack Group and manufactures corrugated board, shipping packaging, displays, specialty corrugated board for hazardous materials and heavy-duty corrugated board.

Corrugated Board segment € millions	2002	2003	2004
Sales	228.6	229.5	235.2
Capital expenditures	12.0	10.6	16.2
EBITDA	31.3	32.4	35.5
EBIT	19.7	20.6	23.8
Employees	1,609	1,633	1,643

2004 segment sales by sector



2004 results

In 2004, sales rose by 2.5% to €235.2 million, up from €229.5 million the previous year.

Consolidated sales volume for corrugated board and base paper increased by 6.2% to 435 million metric tons and 8.8% to 82,662 metric tons, respectively.

Last year, all the Duropack plants, including Duropack Bupak (Czech Republic) recorded sales volume gains. The largest gains were achieved by Duropack Starpack, Hungary, and Duropack AG, Austria, following stepped up marketing efforts.

The two Austrian plants increased their sales volume by 8.9% and their overall sales by 4.3%. Average earnings for the Austrian corrugated board market declined slightly in 2004. Thanks to our positioning in niche markets, we were far better able to withstand the pricing pressures than the industry as a whole.

In Austria, our market share was up 1.2% in both nominal sales (24.8%) and sales volume (20.7%).

Our acquisition of Serbian corrugated board producer Dusan Petronijevic was a strategically important step. This company, originally founded in Krusevac in 1962 as a state-owned firm, ranks among the top three producers in the Serbian market and has 300 employees. Currently the Duropack Group's smallest facility, this company produces approximately 7,500 metric tons of corrugated board and is expected to record sales of €5.0 million in 2005.

We also decided to expand our Hungarian plant in Füzesabony and double the area for processing machinery. Our plant in Slovakia is also being equipped with machines that can produce triple-wall corrugated board locally for the rapidly growing automotive and electronics industry.

With the expansion of our Füzesabony plant (completion in the third quarter of 2005), the planned investments in Ansbach (Germany), Bupak (Czech Republic) and Turpak (Slovakia) and the potential improvements that can be made at our new plant in Serbia, we are well positioned to achieve further sales volume, sales and earnings growth.

Capital expenditures and employees

Capital expenditures in 2004 totaled €16.2 million, up from €10.6 million the previous year.

These expenditures were focused on the renovation and modernization of the corrugated board facilities in the Czech Republic and Slovenia as well as investments in the stamping facility in Kalsdorf, Austria.

The average number of employees in 2004 was up slightly from 1,633 to 1,643.

Corporate Social Responsibility/ Sustainability

Responsibility

Our position as a leading multinational corporation brings with it a special responsibility to society and the environment. We must balance adding value and profitable growth with social, environmental and socio-political concerns.

Our goal is the steady and sustainable growth of our company's value.

CSR reporting

The addition of this section to our annual report represents a first step toward satisfying current capital markets practices with regard to providing information about sustainability and corporate social responsibility (CSR). In the key areas of corporate sustainability, we apply the most commonly used approach of a triple bottom line, which focuses on social responsibility (people), environmental responsibility (planet) and economic responsibility (profit).

We are striving to instill the concept of sustainability throughout the entire company. As a listed company, we also want to be able to offer investors an appealing stock that is consistent with the principles of sustainable corporate governance.

Economic responsibility

Although Constantia Packaging is devoting a special section to corporate sustainability for the first time in this report, the principles themselves have long been applied. Corporate sustainability is evident throughout many areas of our company.

We actively manage strategic and operating risk. In order to identify the main market risks early and systematically, we apply a specialized system to increase the company's long-term value. More detailed information on risk management is presented on page 43.

We have been true to EU antitrust principles and regulations aimed at promoting fair competition by implementing an antitrust compliance program in our Flexible Packaging business. This program greatly reduces the likelihood of individual employees entering into anti-competitive business practices.

Measures to continuously optimize technical and operating processes are key factors to ensure the company's long-term success. Our quality management is based on continuous fine-tuning of our quality standards, which includes the company's own high standards as well as those of our suppliers.

The Pharmaceuticals/Healthcare business unit, which produces an aluminum-based, recyclable flexible packaging material, offers one example of preserving corporate assets. By expanding the production capacity at the Heyer company's facility in Lower Austria, we have secured our long-term position as the "world's leading producer of cold form foils".

Social responsibility

Sustainable corporate success depends on skilled and committed employees. Therefore, our commitment to dealing responsibly with our employees represents a key component of our company's future. We invest in skills and personal training and the health and safety of our employees. All operating units implement a wide range of measures to uphold their social responsibility. More information on this subject is presented in the section on Employees on page 49.

Our production facilities in Austria and abroad have for years offered job security, and thus make a positive contribution to the welfare of these countries.

Regarding stakeholder management, we engage in a dialogue with several different constituencies, from customers and suppliers to banks, insurance companies and adjacent property owners and communities where our plants are located. Thus Teich AG regularly sponsors an open house day, and last year hosted a shareholders' tour of the Mühlhofen plant. The company's environmental policy is yet another major component of our stakeholder management.

Environmental responsibility

We view environmental protection as more than just compliance with regulatory requirements and constraints, but as the overall responsibility of management and all employees to ensure a healthy and livable environment.

Our commitment to environmental protection is reflected in the ongoing measures we apply in this area, from raw materials processing to product development, production, waste treatment and recycling. A key part of our environmental protection management approach lies in continuous improvements and refinements to our production technologies.

Our environmental strategy is based on annual targets, which include emissions reductions, energy-saving measures, efficient raw materials processing and waste minimization.

By implementing the latest production technologies (solvent-free lacquer, UV flexo printing, etc.), we make a significant contribution to environmental protection.

In our Flexible Packaging business, environmental managers and the "environmental team" are responsible for all environmental activities and measures. They generate the environmental reports and see to the ongoing assessment and implementation of Austrian and European environmental standards and regulations.

All company plants and facilities strive to comply with all environmental regulations in a timely and economically feasible manner. To that end, the Flexible Packaging business introduced an environmental management system.

Our main areas of focus include the development of environmentally friendly products using environmentally friendly materials, reduced emissions of organic solvents through appropriate primary and secondary measures as well as ongoing waste reduction efforts and sensible and efficient energy use. Investments in projects such as a third UV flexo printing machine, the Air-Pure filtration equipment to recover roller oil and thermoreactor 3 all support our measures.

We emphasize the efficient use of materials to reduce waste. Last year, for example, we were able to further reduce the thickness of the plastic and aluminum coatings used in the production of flexible packaging.

In the Corrugated Board area, we continued with our longstanding waste reduction project. The heart of this project is a scientific study performed in association with Vienna Technical University. In 2004, the project again helped to curb waste from operations.

Together with our customers, we are working on solutions that substitute recyclable packaging materials for the existing disposable ones. Last year, for example, we implemented two projects involving newly designed packaging for heating units.

We firmly believe that environmental responsibility is essential for our customers, shareholders and employees. We view our environmental policies as a dynamic and long-term process that supports the company's long-term economic success.

Risk Report

Risk management at Constantia Packaging Group

Our international activities are subject to a number of inherent risks. Constantia Packaging's policy is to manage these risks responsibly and to limit them as much as possible in order to take advantage of targeted opportunities.

Our risk management practices, which are an integral part of ordinary business activities, are designed to systematically identify, assess and control all risks. This systematic risk management is a key factor for the success of our Group. Our operating units monitor and report risk to the Managing Board and Supervisory Board.

We use internal management tools to manage identified risks. These tools include well-defined delegations of responsibility, clear guidelines for transacting business and the use of existing information and controlling processes.

In 2004, Constantia Packaging AG put out a Finance Code that applies to all company units and governs the objectives and principles for treasury and financial management transactions. This code covers fundamental principles for financial reporting, banking policies, cash management, corporate finance, risk management, liquidity, interest rates and exchange rates.

Last year, Constantia Packaging revised its main internal auditing guidelines. These guidelines include the securing of assets and potential earnings, the functionality and reliability of the internal auditing systems, adherence to company policies, the economic feasibility of company operations, the identification and assessment of potential risks and opportunities in company operations and the monitoring of the implementation of agreed upon measures to bring about improvements.

Concrete risks in 2004

Market risk

Potential risks to Constantia Packaging remaining a going concern arise mainly from economic trends in those markets where its divisions do business. Risk management measures include continuous monitoring of general economic trends by the Group's entire executive management.

Sector risk

Sector trends also create risks for the Group. The corrugated board market, for example, is subject to sharp fluctuations in paper prices. We manage this risk by closely monitoring our competitors, the market and price trends for raw materials.

Sales risk

We analyze sales risks and opportunities through regular surveys of customer data and by monitoring all available data on markets and competitors. Given our market leadership in many segments, our products enjoy favorable market acceptance thanks to their high technical standards, which fosters customer loyalty even during difficult economic times.

Production and purchasing risk

Our flexible manufacturing and logistics organization contribute to the Group's growth. We continuously seek to optimize production processes, including through suggestions made by employees. In that regard, we have implemented a continuous improvement process. Logistics costs will increase further as a result of road pricing and more frequent just-in-time deliveries. We are controlling this risk through stepped-up process management, among other means. Products and tasks are continuously reviewed and optimized by our employees.

Research and development risk

We observe the dynamic development of products and technologies and apply them in a market-oriented fashion. Our Group's market presence enables us to build up long-term business relationships and to respond quickly to specific requirements.

Property and asset risk

Our insurance management helps to limit any damages, as trained risk analysts help to plan and implement preventative measures for fire- and vehicle-related property and asset damage.

Personnel risk

The contributions of our employees are a significant factor in our Group's success. In order to attract and retain employees, we offer attractive compensation that is above-average for the industry as well as numerous apprenticeship training programs. These measures result in very low employee turnover. We raise the risk awareness of our employees through targeted skills training and other measures.

Legal risk

As a multinational corporation, we have activities in many different countries. We monitor the relevant legal and regulatory provisions so as to be able to respond quickly to changes in the legal framework. For damages involving potential product liability cases, we have taken the necessary precautionary measures.

IT risks

Data transmission and processing is increasingly important. Our compliance guidelines govern the handling of sensitive documents and information as well as the disclosure of inside information. The risk of outside virus attacks is managed through a firewall and extensive antivirus protection.

Currency risk

Constantia Packaging does business in several countries, where it has production facilities and generates sales. Given the Group's decentralized organizational structure, financing and raw materials purchases are transacted for the most part in the local currency, with customer billing also invoiced in the same currency. This results in a closed currency position and limited currency risk. In addition, the Group uses currency forwards in order to hedge currency risk arising from operating activities, and interest rate forwards to minimize interest rate risk. The market value of balance sheet assets and liabilities is not hedged through derivatives. Therefore consolidated shareholders' equity is not hedged directly against currency fluctuations. Further information is available in the notes to the financial statements on page 95.

Liquidity risk

Constantia Packaging ensures that ample liquidity is always on hand or that the necessary financing is available through existing borrowing facilities. Cash and cash equivalents are invested in high-quality and marketable instruments.

Credit risk

We manage credit risk, i.e. the risk of delayed payments by our contractual partners, through credit checks, credit limits and routine audits. Where possible, the Group obtains State-sponsored or similar privately-backed export guarantees in order to minimize non-payment risk. Constantia Packaging does business exclusively with creditworthy financial partners and holds cash deposits and liquid securities in order to limit credit risk.

Environmental risk

The Constantia Packaging Group is subject to environmental risk from contaminated properties in Ceske Budejovice (Czech Republic), Vösendorf (Austria) and Colmar (USA). To date no financial risks have arisen from these three environmentally impacted areas.

Light Fare

Corrugated board food dish

In food catering, the take-out, concessions and airline industries use plastic mugs, cups and dishes. These articles should be replaced by an alternative, lightweight and environmentally friendly material that is also suitable for advertising.

We therefore developed a multi-layer packaging material that offers numerous food uses thanks to special processing and coatings. This material allows for direct printing, is greaseproof and waterproof and can be put in the freezer, microwave or oven.

The packaging has patent protection and is marketed under the name Keco box.

Research and development

Market driven

To remain a successful company, we must constantly adapt to rapidly changing market conditions. Our innovative products and solutions must be cost effective while incorporating style, design, safety, environmental friendliness and specific customer requirements. Our research and development activities are therefore based on this consistent market orientation, and carried out in close collaboration with our customers.

Our R&D employees are highly skilled and have extensive technical training. Through continuous training initiatives, we ensure that developments are on the cutting edge.

Innovation award

We promote our significant research and development work through the presentation of the Constantia Packaging Innovation Award to our employees.

Last year, we received a total of 18 entries, demonstrating once again the Group's tremendous innovative potential.

The winner of the 2004 award was Duropack AG Kalsdorf (Austria), with its Keco box, a food dish made from corrugated board. This new product, used by restaurants, airlines and food concessions, represents a breakthrough in that it weighs 30% less than other dishes while offering the full density, recyclability and printability.

Second place went to Teich AG, Weinburg (Austria). Working closely with customers, the company developed a printed circuit board for an innovative espresso machine system. This circuit board enables instant beverages to be prepared fully automatically through guaranteed readability of a completely sterilized printed bar code.

Third place was awarded to a joint project by Wanfried Druck Kalden and Ebert Folien, Germany for the application of a cold transfer process for metallic effects in the offset machine. A new printing process has thus been launched that requires a single production run instead of three, and prints onto a new substrate developed in-house.

Other Constantia Packaging Group plants developed outstanding projects for heating unit packaging, a process monitoring system for density control and new shrink-sleeve labels, bottleneck foils and paper labels.

Flexible Packaging

Last year, the Flexible Packaging division's development activities were once again concentrated on coextruded coatings. The optimization of specifications was designed to enhance processing security for existing products in the Dairy & Food and Alufoil

Container Systems segments as well as develop a new circuit board specification for an innovative espresso machine system produced by a multinational customer (see Innovation Award above).

The focus in the Pharmaceuticals/Healthcare unit remained the development of tamper-proof features. Our CPI Security Foil, which embeds the security watermarks in the surface structure of the aluminum foil during the rolling process, has received considerable attention. While the primary application for this security foil is tamper-proof pharmaceutical products, the process can also be used for brand name protection or decorative design on other products.

Corrugated board

The Group has 33 employees dedicated to research and development in the Corrugated Board division. All plants are equipped with CAD machines, CAD plotters and support equipment. Sector-specific machines are used for control purposes.

For our corrugated board plants, our goal is to provide cost-effective shipping packaging that is up to the latest standards of optimized logistics and to offer innovative developments. The concept of reusability being promoted by environmental regulators is especially important.

The creativity of our packaging solutions was once again recognized through international awards last year. These include the Worldstar prize for Durosafe hazardous materials packaging, the Emballissimo 2003 prize, and three gold medals from the European Flexographic Technical Association (EFTA).

The Corrugated Board division's research and development activities are stored in a dedicated database and made available to the entire group through the company intranet. Through this innovation exchange, we can exploit R&D synergies among Constantia Packaging Group companies.

Some of our product innovations are presented in the picture pages of this annual report.

Employees

Austrian Group with an international employee base

Constantia Packaging's long-term success depends on the knowledge and experience of our employees, as well as their flexibility and motivation. Thus our human resources policy is based on positive incentives and continuous training.

Our principles call for a decentralized management structure, a high degree of individual responsibility and cultural diversity. The employees at the various Group companies come from throughout Europe, North America, Tunisia and mainland China. In 2004, Constantia Packaging had an annual average of 5,203 employees, down 3.1% from 5,372 the previous year.

Comprehensive measures

Employee training and advancement are essential components of our human resources activities.

Our strategic training programs include courses in IT, printing technology and languages, as well as team building and change management. We offer sales training and personal development seminars to our sales force.

To meet our future need for skilled personnel, we begin preparing now. Thus our apprenticeship programs for mechanical engineers, electronics technicians, packaging mechanics, chemical engineers and printing technicians play a vital role.

The Corrugated Board division invested a total of €907 thousand in voluntary employee benefits. The funds were invested in the Austrian savings plan and the German savings plan designed to provide employee retirement benefits.

The Flexible Packaging division has prepared a broad-based program to promote health within the company. This program, which will be launched in 2005, is designed to ensure and improve the health of all employees and a healthy workplace over the long term. It is based on the World Health Organization's definition of health, which includes physical, spiritual and social well-being.

To promote communication and information within the Group, in 2004 we published our first bilingual German/English newsletter sent to all employees. It provides regular information on key current events throughout the Constantia Packaging Group.

Continuous improvement process (CIP)

All Constantia Packaging Group companies have implemented a continuous improvement process. This program motivates employees to assume greater responsibility for their own jobs. The number of proposed improvements submitted and implemented has steadily increased.

Innovation forum

To promote the importance of new products and processes, we changed the focus of our company's own innovation award for 2004. In addition to attractive prizes for the winning entries, the awards were made for the first time at a special ceremony to honor the employees. The Innovation Forum brought together approximately 70 people from our European facilities and offered an opportunity for exchanging ideas and networking.

Employee council involvement

Open and close communication with employee representatives is a priority. In that respect, we hold an annual meeting of the European employee councils, which enables the direct exchange of ideas with the Managing Board of Constantia Packaging AG. The Managing Board also informs the representatives about measures that may have a direct impact on the workforce, either in terms of new job creation or layoffs.

Attractive employer

Constantia Packaging companies offer their employees attractive compensation packages. Employees have opportunities to work abroad. Variable and bonus compensation systems, health and wellness programs and some company-sponsored social welfare institutions help to promote employee satisfaction.

Managing Board's appreciation

The excellent results of the past year would not have been possible without the commitment and motivation of our employees. The Managing Board would like to sincerely thank all employees for this commitment and their efforts. Special thanks also go to the employee representatives, who through their constructive efforts, also kept the needs of the company in mind.

Recent developments

On March 11, 2005, a Special Shareholders' Meeting of Constantia Packaging AG was held. The only subject on the agenda was the resolution involving the commissioning of special auditors pursuant to §118 of the Stock Corporation Law (AktG) to review the acquisition of a 25% plus one share equity interest in Austria Metall Aktiengesellschaft by Constantia Packaging AG (formerly Constantia-Verpackungen AG) in 2004.

The calling of the Shareholders' Meeting was made at the request of AMAG, Austria Metall Aktiengesellschaft, which owns a 12.83% interest in Constantia Packaging AG.

The resolution approved by the Special Shareholders' Meeting, which commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to be the special auditors pursuant to §118 of the Stock Corporation Law (AktG) to review the acquisition of a 25% plus one share equity interest in Austria Metall Aktiengesellschaft by Constantia Packaging AG in 2004, is being legally challenged by AMAG.

Outlook

Sluggish economic growth

Global economic growth in 2005 is likely to mirror the second-half trend of 2004 in terms of growth rates and regional performance. Domestic demand in the United States remains a key growth driver, although average economic growth for the year will likely end up slightly lower. Japan is hard-pressed to shake off its deflation. China's boom continues, which should have a positive impact on Asia's other emerging market countries. In Europe, growth rates are expected to remain below average, with 1.6% forecast for the euro zone and 2.0% for the European Union.

Austria's 2005 growth forecast was revised downward to 2.1%, a consequence of the strong euro and the ripple effects of higher crude oil prices. The increase in exports will be curtailed by the euro's appreciation and slackening momentum in global trade. According to WIFO, the decline in Austria's economic growth will be greater than that of the euro zone in 2005.

Flexible Packaging: complete solutions lead to success

The market for flexible packaging in the food area is growing steadily as a result of changing eating habits and lifestyles. In Western Europe, this market is expected to grow by around 2%, while in Eastern Europe the rate could be around 5% or more.

Multinational food companies are increasingly demanding complete solutions along with services, and the Flexible Packaging division is rising to the challenge through flexibility and innovation, such as our technology leadership in UV flexo printing and bottle label specialization.

Given the heightened competitive environment, price increases are becoming increasingly more difficult to implement.

In the Labels business unit, we will further secure and expand our position in the rapidly consolidating brewery market.

In the Pharmaceuticals/Healthcare unit, the new pharmaceuticals packaging center in Loipersbach, Austria will further strengthen the positioning of Constantia Flexibles. This plant's main focus is blister packaging, cold form and other specialities.

In the Alufoil Container Systems unit, we are aiming to become a strategic supplier in the expanded canned goods industry (pet food and human food) over the medium term. We will continue to focus on high-margin products.

In the Flexible Packaging division, our goal is to maintain a strong position in the product segments of all our existing markets. We are also concentrating on adapting product quality and production capacity up to market standards through ongoing technical improvements to our machines and equipment.

Overall, we expect the Flexible Packaging division to record further sales and earnings growth. This outlook is nevertheless dependent upon the cautious economic forecast for Western Europe, our main market.

The merger of the Haendler & Natermann Group and Teich Group subsidiaries will result in a significantly enhanced flexible packaging market position. Constantia Packaging Group will thus become a more vital partner for the food and beverage industry.

The first positive effects have already begun to appear in the form of new contracts. The established goals should be achieved thanks to a common strategy pursued by the entire company management and the strong motivation of all employees.

Corrugated Board: higher margin products through innovation

The outlook for the Corrugated Board division is also generally favorable for 2005. With the exception of the German market, which has yet to fully recover, we expect modest growth of between 2% and 5%. In Austria, pricing pressure has resulted from excess production capacity and imports from neighboring Eastern European countries. Given our positioning in product niches, however, we are far less affected by these developments than the overall industry.

With the expansion of our Füzesabony plant (completion in the third quarter of 2005), the planned investments in Ansbach, Bupak and Turpak, and the potential improvements that can be made at our new plant in Serbia, we are well positioned to achieve further sales volume, sales and earnings growth.

As we did in 2004, we will continue to develop market contacts in Croatia, Serbia, Bulgaria, Romania, Turkey and Ukraine in order to prepare for further growth in this region.

As in previous years, potential risk factors include paper price fluctuations, which could affect our results.

Our Corrugated Board division will continue to combat growing competition by increasing its service offerings and focusing on specialty products. The main investment areas involve higher value-added products. Our goals for 2005 include further expansion, cost reductions in Austria and production volume increases at all our plants. This division's sales volume, sales and earnings should all record further gains in 2005.

AMAG: Consolidation

In 2005, AMAG will complete the expansion of its electrolysis plant capacity in Canada. Results at the German electrolysis plants will depend on newly deregulated electricity prices. Despite the difficult market situation, the company is striving to increase sales volumes of aluminum strip and cast aluminum. The AMAG Group expects to consolidate its competitive position and earnings situation in 2005.

Further success ahead

In 2005, Constantia Packaging Group will increase the relative share of high-margin products, leverage synergies arising from the merger of its H&N and Teich Group subsidiaries and pursue selective acquisitions of strategically interesting companies. We expect sales and earnings growth in 2005.

We firmly believe that we will be successful in these areas. We have laid the foundation through our innovative capacities, strict cost controls and continuous improvement program. We will make further progress thanks to our geographic positioning, focus on high-value-added products, existing and planned investments and the close international cooperation of our company units.

2005 investor relations calendar

April 21, 2005:	Annual press conference
May 3, 2005:	Shareholders' visiting day
May 9, 2005:	First-quarter 2005 results
May 18, 2005:	Ordinary shareholders' meeting
May 23, 2005:	Ex-dividend date
May 30, 2005:	Dividend payout date
August 8, 2005:	Second-quarter 2005 results
November 7, 2005:	Third-quarter 2005 results

Safe and Sound

Puncture-resistant soup pouches

Dried soups are packaged and sold in pouches. During the drying process, the soup mixes obtain pointy edges that can puncture traditional paper-based soup pouches.

We therefore developed a laminate made from plastic and aluminum that is totally puncture-resistant, while offering the appearance of a traditional soup pouch.

We market this soup pouch under the name DanaSafe®.

Consolidated financial statements

Contents

Consolidated Balance Sheet

as of December 31, 2004

Assets

€ thousands	Notes	2004	2003
Goodwill	1	29,202	36,962
Intangible assets	1	1,537	1,618
Tangible fixed assets	1	308,131	278,673
Equity interests	2	80,218	0
Other financial assets	3	12,428	12,234
Deferred taxes	25	16,953	7,447
Long-term assets		**448,469**	**336,934**
Inventories	5	101,541	98,406
Accounts receivable	6	128,175	117,952
Tax receivables		3,521	4,145
Other receivables	7	14,852	13,854
Marketable securities		12,906	13,498
Cash and cash equivalents		38,092	72,354
Short-term assets		**299,087**	**320,209**
Total assets		**747,556**	**657,143**

Liabilities and Shareholders' Equity

€ thousands	Notes	2004	2003
Capital stock	9	17,448	17,448
Additional paid-in capital		22,447	21,947
Retained earnings	11	184,843	149,271
Shareholders' equity		**224,738**	**188,666**
Minority interests		**33,401**	**26,890**
Shareholders' equity incl. minority interests		258,139	215,556
Reserves	13	43,222	39,691
Long-term debt	15	166,982	132,828
Deferred tax liability	25	10,113	6,308
Long-term reserves and liabilities		**220,317**	**178,827**
Reserves	14	10,365	4,785
Short-term debt	15	115,184	129,683
Accounts payable	15	82,126	74,463
Tax liabilities	15	5,310	4,865
Other liabilities	16	56,115	48,964
Short-term reserves and liabilities		**269,100**	**262,760**
Total liabilities and shareholders' equity		**747,556**	**657,143**

The following Notes to the Consolidated Financial Statements are an integral part of this Consolidated Balance Sheet.

Consolidated Income Statement

for the year ended December 31, 2004

€ thousands	Notes	2004	2003
Revenues	17	**945,007**	**975,905**
Changes in inventories of finished goods and work in progress		1,275	1,371
Own work capitalized		296	2,470
		946,578	**979,746**
Other operating income	18	14,290	14,178
Cost of materials		(481,364)	(519,089)
Personnel expenses	19	(223,200)	(222,951)
Other operating expenses	20	(127,873)	(133,760)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**128,431**	**118,124**
Depreciation (excluding goodwill amortization)		(45,089)	(50,177)
Earnings before interest, taxes and goodwill amortization (EBITA)		**83,342**	**67,947**
Goodwill amortization		(7,760)	(6,302)
Earnings before interest and taxes (EBIT)		**75,582**	**61,645**
Income from equity affiliate	22	3,976	0
Interest expense	21	(10,165)	(9,333)
Other financial income		292	275
Net financial income (loss)		**(5,897)**	**(9,058)**
Earnings before tax (EBT)		**69,685**	**52,587**
Income tax	23	(22,197)	(24,877)
Net income after tax		**47,488**	**27,710**
Minority interests		(9,758)	(7,423)
Consolidated net income		**37,730**	**20,287**
Earnings per no-par share (in €)		2,25	1,21
Proposed or paid dividends per no-par share (in €)	10	0,68	0,52
Weighted average number of no-par shares outstanding		16,800,000	16,800,000

The following Notes to the Consolidated Financial Statements are an integral part of this Consolidated Income Statement.

Consolidated Cash Flow Statement

for the year ended December 31, 2004

€ thousands	2004	2003
Earnings before tax (EBT)	**69,685**	**52,587**
Interest expense	10,165	9,333
Income from equity affiliate	(3,976)	0
Fixed-asset depreciation	52,849	56,479
Change in long-term reserves	1,463	922
Gains/losses on fixed-asset disposals	(2,773)	(1,221)
Taxes paid	(19,714)	(28,674)
Interest received	2,474	2,813
Interest paid	(11,795)	(11,649)
Cash flow before changes in working capital	**98,378**	**80,590**
Change in inventories	(2,355)	3,197
Change in accounts receivable	(7,731)	(5,230)
Change in other receivables	2,947	(730)
Change in short-term reserves	(929)	(60)
Change in accounts payable	3,692	3,430
Change in other liabilities	(2,597)	4,281
Cash provided by operating activities	**91,405**	**85,478**
Proceeds from fixed-asset disposals	15,406	4,733
Payments for tangible and intangible fixed assets	(73,655)	(53,847)
Payments for financial assets	(75,000)	(151)
Payments as part of company acquisitions	371	(409)
Proceeds on company disposals	0	8,142
Payments to acquire minority interests	0	(575)
Proceeds from short-term investments of cash equivalents*	592	9,106
Cash used for investing activities	**(132,286)**	**(33,001)**
Change in long-term debt	19,949	(28,284)
Dividends paid by Constantia Packaging AG	(8,736)	(7,560)
Dividends paid to minority shareholders	(4,983)	(5,382)
Cash provided by (used for) financing activities	**6,230**	**(41,226)**
Change in cash and cash equivalents	**(34,651)**	**11,251**
Effect of exchange rate changes	389	(1,610)
Cash and cash equivalents at the beginning of the period	72,354	62,713
Cash and cash equivalents at the end of the period	38,092	72,354
Change in cash and cash equivalents	**(34,651)**	**11,251**

* The proceeds from short-term investments of cash equivalents were reclassified from cash and cash equivalents

The following Notes to the Consolidated Financial Statements are an integral part of this Consolidated Cash Flow Statement.

Consolidated Equity Statement

€ thousands	Notes	Capital Stock	Additional paid-in capital	Retained earnings	IAS 39 reserves	Currency translation differences	Consolidated equity
Balance as of January 1, 2003		**17,448**	**21,947**	**130,781**	**(2,559)**	**12,536**	**180,153**
Change in IAS 39 reserves	L				2,822		2,822
Consolidated net income				20,287			20,287
Dividends paid	10			(7,560)			(7,560)
Currency translation differences						(7,036)	(7,036)
Balance as of December 31, 2003		**17,448**	**21,947**	**143,508**	**263**	**5,500**	**188,666**
Balance as of January 1, 2004		**17,448**	**21,947**	**143,508**	**263**	**5,500**	**188,666**
Other capital increases			500				500
Changes in IAS 39 reserves	L				1,458		1,458
Consolidated net income				37,730			37,730
Dividends paid	10			(8,736)			(8,736)
Revaluation of financial assets not entered as income	3			1,398			1,398
Currency translation differences						3,722	3,722
Balance as of December 31, 2004		**17,448**	**22,447**	**173,900**	**1,721**	**9,222**	**224,738**

The following Notes to the Consolidated Financial Statements are an integral part of this Consolidated Equity Statement.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2004

A. General information

The business purpose of Constantia Packaging AG (1010 Vienna, Opernring 17, Vienna Commercial Registry number FN 88214b) and its subsidiaries is mainly the production and sale of packaging products made from aluminum, plastic, paper and corrugated board for consumer and commercial products. By a decision of the Shareholders' General Meeting of May 18, 2004, the company's name was changed from CONSTANTIA VERPACKUNGEN AG to CONSTANTIA PACKAGING AG.

The Managing Board is responsible for the preparation of the consolidated financial statements, which are reviewed by the Supervisory Board. Numerous figures in the consolidated financial statements have been rounded, thus creating potential rounding differences.

B. Accounting principles and valuation methods

The following accounting principles and valuation methods were applied in the preparation of CONSTANTIA PACKAGING AG's consolidated financial statements.

a) General

These consolidated financial statements were produced in accordance with International Financial Reporting Standards (IFRS), as formulated by the International Accounting Standards Board (IASB), and whose application was mandatory in 2004. Mandatory IFRS provisions beginning January 1, 2005 were not applied.

Assets were entered at their historical acquisition or production cost, with the exception of securities included in fixed and current assets, which were entered at fair value.

Based on § 245a of the Austrian Commercial Code (HGB) regarding the law on consolidated financial statements, these consolidated financial statements prepared in accordance with IFRS have discharging effect.

b) Reporting currency

The consolidated financial statements are presented in euro. For their preparation, the financial statements of foreign subsidiaries using a different reporting currency were converted using the middle exchange rate on December 31 for the consolidated balance sheet and the average annual exchange rate for the consolidated income statement.

All resulting conversion differences are recorded directly as currency translation differences within the equity statement.

c) Consolidation principles

The consolidated financial statements include CONSTANTIA PACKAGING AG and the companies over which it exercises control. Such control is usually presumed if CONSTANTIA PACKAGING AG, either directly or indirectly, possesses more than 50% of the voting shares of a company and is thus able to exert significant influence over the financial and company policies so as to profit from their activities.

The capital consolidation is conducted according to the principles of IAS 22 (Business Combinations) and IAS 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries). The book value of the shares belonging to CONSTANTIA PACKAGING AG in each individual subsidiary and the share of CONSTANTIA PACKAGING AG in the equity of each subsidiary are offset by elimination. The share of equity and net income attributable to minority shareholders is shown separately in the balance sheet and income statement, respectively.

Companies that are not fully controlled by CONSTANTIA PACKAGING AG for lack of a direct or indirect voting rights majority but over which CONSTANTIA PACKAGING AG nevertheless exercises significant influence (more than 20% of the voting rights) are accounted for using the principles of IAS 28 (Investments in Associates). Under the equity method applied, the shares are then entered at their acquisition cost and subsequently adjusted to reflect CONSTANTIA PACKAGING AG's interest in the changing net asset value of the associated company. CONSTANTIA PACKAGING AG's results include the respective income contribution from the associated company.

For company acquisitions, the equity method is applied. Companies acquired or disposed of in the course of the fiscal year are included in the consolidated financial statements from the time of acquisition or until the time of the sale, respectively. Under the equity method, the excess of acquisition cost over the fair market value of the identifiable assets and liabilities at the time of the acquisition is recognized as goodwill.

As part of debt consolidation, accounts receivable and other receivables are netted against the corresponding liabilities. All intragroup expenses and revenues are eliminated as part of the expense and revenue consolidation. Intermediate results from the intragroup delivery of goods and services were eliminated from current and fixed assets, insofar as they were material.

d) Significant differences between Austrian Accounting Standards (öHGB) and IFRS

Goodwill arising from the capital consolidation: According to IAS 22, goodwill resulting from acquisitions made after January 1, 1995 is capitalized and amortized over the useful life. Goodwill arising from mergers after March 31, 2004 is entered in accordance with the provisions of IFRS 3. According to öHGB, goodwill may be offset directly against retained earnings (alternative treatment).

Leasing: According to IAS 17, a lease asset is shown in the balance sheet of the lessor or the lessee according to the classification criteria that take into account all the risks and rewards incident to ownership. A lease asset may therefore be classified differently under öHGB.

Deferred taxes: According to IAS 12, all temporary differences between the reporting for tax purposes and the IAS reporting are recognized as deferred taxes based on the statutory tax rates expected to exist in the future. Deferred tax assets are shown both for loss carryforwards that have not yet been used as well as for unused tax credits, insofar as these may foreseeably be used against future taxable earnings. According to öHGB, deferred tax liabilities are recognized for timing differences if these differences lead to a tax expense that is too low in comparison to the reported earnings and which in later business years is expected to reverse. For the recognition of deferred tax assets, an alternative treatment exists whereby deferred tax assets are not permitted to be shown for loss carryforwards. Deferred tax assets and liabilities are to be netted.

Pension reserves: According to öHGB, pension reserves are calculated using either the entry age or the present value method. According to IAS 19, the recognition of pension reserves is based on the projected unit credit method after applying a discount factor determined by the market yield for high-grade debt and after due consideration of anticipated rates of pension increases.

Reserves for severance benefits and service anniversary bonuses: According to öHGB, commitments related to future severance benefits and service anniversary bonuses are valued using actuarial or discount methods. According to IAS 19, reserves for the value of provisions relating to severance benefits and service anniversary bonuses are valued using the projected unit credit method after due consideration of anticipated rates of salary increase.

Other reserves and valuation adjustments: The öHGB and IFRS interpret the conservative principle differently with regard to reserves and valuation adjustments. In general, IFRS has stricter requirements regarding the probability of the relevant event and the ability to determine the amount of the reserve or allowance.

Securities included in current assets (available-for-sale): According to Austrian accounting principles, securities are valued at the lower of acquisition cost or market. According to IFRS, available-for-sale securities are valued at their fair market value, and any change in market values can immediately be recognized in the consolidated income statement (alternative treatment).

Foreign currency transactions: Austrian accounting principles and IFRS differ with regard to the recognition of unrealized gains resulting from the valuation of foreign currency amounts using market rates as of the closing date. Under Austrian law, only unrealized losses must be recognized, while under IFRS unrealized gains must also be taken into account.

Securities included in fixed assets: In agreement with IFRS, securities included in fixed assets were classified as being available for sale and entered at fair market value. Under öHGB, these securities are valued at the lower of cost or market if the lower market value is sustained.

Hedging transactions: With the implementation of IAS 39, the Group has classified its exchange rate transactions as cash flow hedges and entered them at fair value. Changes in the fair value of the hedging instruments, which can qualify as an effective hedge of future cash flows, are shown directly in shareholders' equity (IAS 39 reserve). öHGB does not prescribe an immediate valuation of the hedging transaction.

e) Changes in reporting of balance sheet items

The presentation of the balance sheet was adjusted to reflect the classification by maturities. The previous year's figures were also adjusted to reflect this classification.

C. Acquisitions and other changes in the consolidation scope

The consolidation scope was increased last year through the acquisitions of Dusan Petronijevic (51%) in September 2004 (purchase price of €237 thousand) and Thorn Lighting Group (100%) in December 2004 (purchase price of €10 million). Dusan Petronijevic is a Serbian manufacturer of corrugated board that produces around 6,500 metric tons annually and has 300 employees. Thorn Lighting Group represents a strategic bridge to a partnership with Zumtobel AG in aluminum purchasing and individual packaging solutions for Zumtobel Group products. At the time of the acquisition, the company and its five foreign subsidiaries had no operating activities and no employees.

The Dusan Petronijevic acquisition did not create any goodwill, while the Thorn Lighting Group acquisition created a €4 million negative consolidation difference, which resulted from the first-time consolidation of deferred tax assets and was therefore entered under corporate income tax.

D. Accounting and valuation principles

Intangible assets

Intangible assets are valued at cost. Following their initial capitalization, they are valued at cost less accumulated amortization and any non-recurring impairment charges. Intangible assets are amortized using the straight-line method over their expected useful life. The expected useful life is between 4 and 10 years. The amortization period and method are reviewed at the end of each business year.

Goodwill

The excess of the purchase price of an acquisition over the fair market value of the identifiable assets and liabilities acquired at the time of the acquisition is capitalized as goodwill. Goodwill is carried at cost less accumulated amortization and any impairment charges. It is amortized using the straight-line method over its useful life.

The provisions of IFRS 3 were not applied to goodwill arising from mergers completed before March 31, 2004. In accordance with the transitional provisions of IFRS 3, goodwill will no longer be amortized as of 2005. Instead, an annual impairment test will be conducted pursuant to IAS 36.

A negative consolidation difference arising from the difference between the acquisition cost and the market value of the net assets is recognized immediately in the income statement.

The amortization period is determined at the time of acquisition after taking into consideration all relevant circumstances, and ranges between 14 and 15 years. The book value is reviewed at the end of each year with respect to the asset's long-term value and capacity to generate future profits. For any impairment in the value of goodwill, a possible sales or liquidation value is estimated on the basis of the cash-generating ability of the units. If the book value is higher than this estimated value, an impairment charge is recorded.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation and impairment charges. If an asset is sold or otherwise disposed of, the acquisition cost and accumulated depreciation are written off and any resulting gain or loss is recognized.

Capital expenditures comprise the purchase price, including import duties, non-refundable taxes and all directly attributable transportation and installation costs. As a rule, expenditures resulting after the asset has been put into service, such as repairs, maintenance, and refurbishing are expensed. They are capitalized when it is probable that they will lead to additional future economic benefits deriving from the use of the asset.

Depreciation is calculated using the straight-line method over the expected useful economic life:

Commercial buildings, plants and other buildings	25 to 50 years
Machinery and equipment	6 to 15 years
Other equipment and fixtures	4 to 12 years

The useful life and the depreciation methods are reviewed periodically in order to ensure that they correspond to the expected useful economic life of the asset.

Subsidies granted for assets are shown as a reduction in the cost of acquisition or production.

Work in progress comprises fixed assets that are not yet functional and that are valued at the cost of acquisition or production. Depreciation is not started until the completion and start-up of the respective asset.

Leased assets of material importance, which from an economic viewpoint can be viewed as an asset purchased with long-term financing (financing lease), are recorded at the start of the lease agreement at the lower of fair market value or the present value of the minimum lease payments. Regular depreciation is made over the useful economic life.

Assets received under the other leasing or rental contracts are treated as operating leases and shown on the books of the lessor. The lease payments are recognized as expenses.

Financial assets

Securities included in fixed assets are classified as assets available for sale and valued at fair market value. Changes in this fair market value are recognized on the income statement in the period incurred.

Shares in associated companies

Associated companies are those in which the Group owns a 20% to 50% equity interest and exercises significant influence. These shares are recorded using the equity method. The book value of the shares in associated companies is then reviewed, and a corresponding impairment charge or revaluation is recorded depending on whether the grounds for impairment still exist.

Inventories

Raw materials and supplies are valued using moving average prices, with acquisition and related costs capitalized and adjusted to reflect lower market prices.

Work in progress, finished goods and deferred income items are capitalized based on the lower of variable and fixed production costs or net realizable value. The net realizable value is the sales price attainable in the normal course of business less costs necessary to complete the product, including any sales costs. These costs are established primarily using the FIFO method. There is no capitalization of interest.

Inventory risks resulting from time in inventory or reduced marketability are taken into account through appropriate valuation adjustments.

Receivables and other assets

Receivables and other assets are valued at face value. Receivables denominated in foreign currencies are valued using the middle exchange rate on December 31. Appropriate valuation adjustments are established for identifiable risks.

Securities included in current assets

Securities included in current assets consist of government bonds, investment funds and other stocks and bonds traded in liquid markets. These securities serve as investments for liquid funds and are generally not intended to be held for the long term. Securities included in current assets are recorded at their respective market values. Any resulting valuation adjustments are recognized in the income statement. Interest received on securities is shown as interest income. Differences between proceeds from disposals and book value are recorded as gains or losses on the income statement.

Cash and cash equivalents

Deposits with credit institutions and financial liabilities with equal maturities at the same credit institution are netted.

Capital stock

The capital stock consists exclusively of common shares, all of which have been issued and carry the same rights.

Additional paid-in capital

In accordance with Austrian Law, additional paid-in capital includes premiums paid by shareholders in conjunction with the issuance of shares.

Reserves

A reserve is established if and only if a company has a current obligation (of a legal or contractual nature) arising from a past event that is more likely than not to result in an outflow of economic resources to fulfill this obligation whose size can be reliably estimated.

Reserves are reviewed at the end of each year and adjusted accordingly. Where the interest effect is material, the reserve is established based on the present value of the expected cash outflow needed to satisfy the obligation.

Financial instruments

Financial assets and liabilities on the balance sheet include cash and cash equivalents, securities included in current assets, accounts receivable and payable, other receivables and liabilities, long-term receivables, interest-bearing debt, equity interests and securities included in fixed assets. The accounting principles with respect to the recognition and valuation of these positions are described in the corresponding notes to these consolidated financial statements.

Hedging

The Teich sub-group uses forwards and options in order to hedge foreign currency and price risks arising from aluminum purchases. According to group-wide guidelines, forwards and options are used for purchases to hedge future cash flows. These derivative instruments can therefore be classified as cash flow hedges.

Changes in the fair market value of the hedging instruments that qualify as future cash flow hedges are recorded directly in shareholders' equity as hedging reserves. When the hedged cash flow results in the recognition of an asset or liability, all gains or losses previously shown directly in shareholders' equity are factored into the calculation of the acquisition costs or book value of the asset or liability in question. Otherwise, all gains or losses from cash flow hedges that were originally recorded in shareholders' equity are transferred from the hedging reserve in shareholders' equity to the income statement of that period in which the hedging obligation or expected transaction occurs.

If a hedging obligation or expected transaction is no longer considered likely, the cumulative gains or losses previously recorded in shareholders' equity are transferred to the income statement.

All equity interests in foreign companies are long-term investments and are not likely to be sold in the foreseeable future. According to group-wide guidelines for foreign currency hedging, equity interests denominated in foreign currencies are not hedged.

Derivative financial instruments

All derivatives can be classified as hedging transactions. The Group only uses currency forwards and options to hedge currency risk.

Research and development costs

Expenditures for research and development are recognized as expenses in the period in which they occur, since the criteria for their capitalization (IAS 38) have not been fulfilled. In total, €6.274 million and €4.756 million were recognized as expenses in 2004 and 2003, respectively.

Revenue recognition

Revenues are recognized when it is essentially certain that the benefit from the sale will flow to the company and the amount of the revenue can be determined with reasonable accuracy. Revenues are shown net of value added taxes and rebates as soon as delivery has been made and the ownership risk has been transferred.

Interest is accrued in proportion to the respective interest rates. Dividend income is shown as soon as the right of the shareholders to receive payment is received.

Lending costs

Lending costs are recognized immediately when incurred.

Impairments

Tangible and intangible fixed assets are tested for impairment as soon as events or a change of conditions indicate that the book value of the asset may be higher than its net realizable value. As soon as the book value of an asset exceeds both the net realizable value and value in use, an impairment charge is recorded. Net realizable values are estimated for the individual assets; if this is not possible, then the cash-generating ability of the senior unit is evaluated.

Foreign currency transactions

Foreign currency transactions are principally presented in the reporting currency by application of the exchange rate between the reporting currency and the foreign currency at the time of the transaction.

Foreign subsidiaries

Fully consolidated foreign subsidiaries are considered independent companies, since they are independent financially, economically and organizationally. Their reporting currencies are the respective local currencies.

Apart from shareholders' equity, all balance sheet items are converted using the middle exchange rate on December 31. Income and expenses are converted using the average annual exchange rate. All resulting translation differences are shown in "Currency translation differences" in the consolidated equity statement.

Goodwill arising from the acquisition of foreign subsidiaries is presented using the exchange rate at the time of the acquisition. Currency differences arising from the netting of monetary accounts are classified as shareholders' equity in the consolidated financial statements until the respective subsidiary is no longer consolidated.

Defined benefit plans (pension reserves)

Some group companies have defined benefit pension plans for designated employees. The obligations are valued annually by a qualified and independent actuary. The obligation and the expense related to pension payments are calculated by applying the projected unit credit method according to IAS 19. This method assumes that an additional part of the final benefit claim is earned in each year of service and values each of these parts separately in order to accrue the final obligation. Prior service costs are distributed linearly over the average time remaining until the pension claim is fully vested.

Gains and losses resulting from the curtailment or cancellation of a defined benefit plan are recognized at the time of the curtailment or cancellation. Actuarial gains or losses are, with the exception of the U.K. pension plans, recognized immediately. For the U.K. pension plan, we apply the corridor method. The amount of underfunding is spread over 15 years. The pension obligation is valued at the present value of future cash outflows discounted with various discount rates for different countries (the benchmark interest rate is that of the highest-rated medium-term bonds).

Some Group companies have defined contribution plans for designated employees. Since no obligation exists beyond the amount of the contribution, this amount is expensed in the relevant period.

Severance obligations

In some countries, the company is legally obligated to pay severance benefits in certain cases after termination of the employment relationship. In the case of a voluntary resignation by the employee, no severance benefits need to be paid.

In accordance with IAS 19, reserves are established for these long-term obligations to employees. These reserves are calculated actuarially by applying the projected unit credit method, using assumptions about certain country-specific interest rates (the highest-rated medium-term bonds), salary growth and weighted employee turnover rates.

Service anniversary bonuses

Based on legal regulations, Austrian and German companies are obligated to make extra payments to employees after they reach designated service years. This payment depends on the number of service years attained and the monthly salary at the time of the service anniversary. A reserve is established for this obligation according to IAS 19.

The obligation is calculated through application of the projected unit credit method using assumptions about certain country-specific interest rates (for the highest-rated medium-term bonds), salary growth rates and weighted employee turnover rates.

Income taxes

The income tax liability is based on the annual profit and takes deferred taxes into account. Deferred taxes are calculated using the balance sheet liability method. They reflect the tax effect of temporary differences between the book values shown for assets and liabilities and the corresponding amounts based on the relevant tax regulations.

The deferred tax asset and liability calculations are based on the estimated future tax rates when these temporary differences reverse. Specifically, the tax rates (and regulations) used are those that are either in effect or announced on December 31. The extent of the deferred tax asset or liability reflects the tax effects which, according to company estimates, would have applied on December 31 if the book value of assets were realized and the liabilities settled.

Deferred tax assets and liabilities take into account all temporary differences without regard to when the effect is likely to reverse.

The deferred tax asset is taken into account if it is probable that sufficient taxable earnings will exist when the deferred tax asset is used. At the end of each year, any previously unrecognized value as well as the book value of the deferred tax asset is reevaluated. Deferred tax claims that have not yet been capitalized are taken into account to the extent that it is probable that the future taxable earnings will allow the deferred tax asset to be used. Conversely, the book value of deferred tax assets is adjusted to the extent that sufficient taxable income is not likely to be available in the future to make use of the deferred tax asset.

Deferred taxes are debited or credited directly to shareholders' equity if they relate to a position that will be debited or credited directly to shareholders' equity in the same or another period, including foreign exchange differences resulting from the translation of intragroup loans.

E. Segment information

Divisions

The Group's organizational and management structure is based on two divisions – Flexible Packaging and Corrugated Board Packaging Material – which therefore make up the primary reporting segment. Geographical segments have been identified as the secondary reporting format. The Petruzalek Group (packaging distribution), which was sold in 2003, is listed separately.

F. Contingent liabilities

Contingent liabilities are not recognized in the balance sheet. They are not disclosed if the possibility of a material adverse effect on company resources is improbable.

Contingent assets are not recognized in the consolidated financial statements, but are disclosed if a material positive effect is probable.

G. Notes to the consolidated balance sheet

1. Consolidated fixed asset tables

Costs

€ thousands	As of 1/1/04	Currency translation differences	Additions	Disposals	Change in consolidation scope	Reclassi-fications	As of 12/31/04
Goodwill	69,200	(6)	0	383	0	0	68,811
Licenses and similar rights	9,254	79	774	64	0	10	10,053
Total intangible assets	**78,454**	**73**	**774**	**447**	**0**	**10**	**78,864**
Land	18,927	160	1,632	914	452	(375)	19,882
Buildings	151,426	918	12,935	3,739	4,785	801	167,126
Undeveloped land	794	24	682	0	0	375	1,875
Machinery and equipment	507,437	3,420	37,751	21,324	4,043	3,670	534,997
Other equipment, fixtures and furniture	85,225	428	8,913	14,224	39	1,141	81,522
Prepayments for construction in progress	8,243	221	13,420	1,870	92	(5,622)	14,484
Total tangible fixed assets	**772,052**	**5,171**	**75,333**	**42,071**	**9,411**	**(10)**	**819,886**
Total fixed assets	**850,506**	**5,244**	**76,107**	**42,518**	**9,411**	**0**	**898,750**

Depreciation and amortization

€ thousands	As of 1/1/04	Currency translation differences	Annual depreciation	Disposals	Change in consolidation scope	Reclassi-fications	As of 12/31/04
Goodwill	32,238	(6)	7,760	383	0	0	39,609
Licenses and similar rights	7,636	29	911	60	0	0	8,516
Total intangible assets	**39,874**	**23**	**8,671**	**443**	**0**	**0**	**48,125**
Land	333	4	49	322	0	0	64
Buildings	76,119	580	5,445	1,542	4,087	145	84,834
Undeveloped land	0	0	0	0	0	0	0
Machinery and equipment	353,747	2,025	32,041	21,763	3,743	(608)	369,185
Other equipment, fixtures and furniture	63,180	221	6,643	12,919	14	463	57,602
Prepayments for construction in progress	0	0	0	0	70	0	70
Total tangible fixed assets	**493,379**	**2,830**	**44,178**	**36,546**	**7,914**	**0**	**511,755**
Total fixed assets	**533,253**	**2,853**	**52,849**	**36,989**	**7,914**	**0**	**559,880**

Book value

€ thousands	Cost as of 12/31/04	Accumulated depreciation	Book value as of 12/31/04	Buchwerte as of 12/31/03
Goodwill	68,811	39,609	29,202	36,962
Licenses and similar rights	10,053	8,516	1,537	1,618
Total intangible assets	**78,864**	**48,125**	**30,739**	**38,580**
Land	19,882	64	19,818	18,594
Buildings	167,126	84,834	82,292	75,307
Undeveloped land	1,875	0	1,875	794
Machinery and equipment	534,997	369,185	165,812	153,690
Other equipment, fixtures and furniture	81,522	57,602	23,920	22,045
Prepayments for construction in progress	14,484	70	14,414	8,243
Total tangible fixed assets	**819,886**	**511,755**	**308,131**	**278,673**
Total fixed assets	**898,750**	**559,880**	**338,870**	**317,253**

Impairment charges

In 2004, an impairment charge of €3 million was recorded on the goodwill of G & A Healthcare Packaging, following an impairment charge of €900 thousand in 2003. An impairment charge of €5.073 million was recorded in 2003 on a portion of the fixed assets of H & N Packaging Inc. (U.S.) that met the conditions for impairment.

Goodwill

€ thousands	2004	2003
G & A Healthcare Packaging Ltd. (formerly G & A Printers Ltd.)	4,808	8,460
K. Heyer GesmbH	3,197	3,517
Haendler & Natermannn GmbH	4,447	5,559
Drukkerij Verstraete N.V.	9,327	10,104
J. S. P. S.A.	3,764	4,141
Duropack Bupak Obaly a.s.	3,644	4,920
other	15	261
	29,202	**36,962**

Financing lease obligations

Fixed assets includes leased assets that are attributed to the Group based on the economic substance of the lease agreements.

These assets comprise buildings and machinery. The capitalized amounts are shown in the balance sheet position “Tangible fixed assets”. The book value of the assets accounted for as financing leases are shown as follows:

€ thousands	2004	2003
Buildings	14,351	10,735
Machinery	28,052	26,852

In 2004, the leased building of Multifilm Packaging Corp. was purchased, and the lease on a Drukkerij Verstraete N.V. plant building was renewed.
The future minimum lease payments as of December 31 are as follows:

€ thousands	2004	2003
Up to 1 year	7,885	7,238
From 1 to 5 years	15,214	14,821
More than 5 years	10,218	4,353
Total	**33,317**	**26,412**

2. Shares in associated companies

In April 2004, Constantia Packaging B.V., based in Vaassen, the Netherlands, acquired a 25% plus one share equity interest in Austria Metall AG for €75 million. An earn-out clause was also negotiated for the period 2007 to 2012. With a cap of €28.125 million, this earn-out clause is linked to income from ordinary operations as reported in Austria Metall AG's consolidated financial statements, which are prepared in accordance with the Austrian Commercial Code.

Austria Metall AG's contribution to shareholders' equity is not reported in accordance with IFRS, but rather pursuant to the provisions of the Austrian Commercial Code, since the company neither prepares its financial statements under IFRS nor provides pro forma IFRS information. Reported shareholders' equity under IFRS is nevertheless greater than the reported shareholders' equity under the Austrian Commercial Code.

As part of the first-time consolidation, hidden reserve contributions were uncovered such that no goodwill was reported.

Austria Metall AG's key results were as follows:

€ thousands	2004	2003
Capital stock	58,400	58,400
Shareholders' equity (öHGB)	329,914	309,973
Total assets	704,329	638,204
Revenues (öHGB)	612,394	553,420
Income from ordinary operations (öHGB)	28,388	35,635
Net income (öHGB)	25,001	33,487
Capital expenditures	94,100	105,100
Employees as of 12/31	1,551	1,517

3. Other financial assets

Other financial assets consist mainly of securities included under fixed assets. An equity interest disposed of in early 2005 was written up in 2004 by €1.398 million to fair value with no impact on net income.

4. Deferred taxes

The increase in deferred taxes from €7.447 million in 2003 to €16.953 million in 2004 resulted mainly from the acquisition of Thorn Lighting Group Holding GmbH.

Of this total, €4 million was charged against income in 2004.

5. Inventories

€ thousands	2004	2003
Raw materials and supplies	33,699	31,553
Work in progress	24,747	25,412
Finished goods, merchandise	43,095	41,441
	101,541	**98,406**

6. Accounts receivable

€ thousands	2004	2003
Receivables	133,563	123,120
Allowance for doubtful receivables	(5,388)	(5,168)
	128,175	**117,952**

This item includes €2.436 million in receivables from affiliated companies, up from €1.789 million the previous year, and €645 thousand in receivables from associated companies, compared to €357 thousand the previous year from companies not yet associated.

7. Other receivables

€ thousands	2004	2003
Other tax receivables	3,206	4,495
Forwards	2,700	1,263
Miscellaneous receivables	7,736	6,531
Repayments	1,210	1,565
	14,852	**13,854**

8. Composition of receivables

2004 € thousands	Total	Maturing in less than one year	Maturing in more than one year
Accounts receivable	128,175	128,175	0
Other receivables	14,852	14,852	0
	143,027	**143,027**	**0**

2003 € thousands			
Accounts receivable	117,952	117,952	0
Other receivables	13,854	13,854	0
	131,806	**131,806**	**0**

9. Capital stock

The Managing Board is authorized until May 31, 2007 to increase the capital stock from the current par value of €17,448,000 (seventeen million four hundred forty eight thousand euros) by 8,400,000 new bearer shares representing up to €8,724,000 (eight million seven hundred twenty four thousand euros) in return for cash or payments in-kind with a minimum issue price of 100% of par value on one or more occasions, with the issue price and terms to be established in agreement with the Supervisory Board. Similarly, the Managing Board is authorized, with approval from the Supervisory Board, to waive the pre-emptive rights of shareholders if the capital stock is increased by payments in-kind from companies, business operations, by individual companies or shares in one or more companies located in Austria or abroad.

The Supervisory Board is authorized to amend the by-laws as part of the issuance of shares from authorized capital.

10. Dividends

The proposed dividend payout on 2004 net income is €11.424 million (the dividend payout on 2003 net income was €8.736 million), which corresponds to a €0.68 dividend per share (up from €0.52 per share). On April 5, 2005, the Managing Board discharged the consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2004. The Shareholders' General Meeting of May 18, 2004 approved a dividend payout of €8.736 million on 2003 net income.

The consolidated financial statements were presented solely for information purposes to the Supervisory Board and Shareholders' General Meeting, which acknowledged them.

11. Retained earnings

Retained earnings include the legal reserve based on the annual net income reported in the financial statements of the parent company, the untaxed reserves on the annual net income established in accordance with tax regulations, the cumulative retained earnings from previous years, the hedging reserve according to IAS 39, the reserve for currency translation differences and the annual net income.

12. Minority interests

Minority interests consist mainly of the 40% interest in the Duropack Group and the 49% interest in Drukkerij Verstraete N.V.

13. Long-term reserves

	2004	2003
Severance	22,225	20,786
Pension	13,649	11,825
Anniversary bonus	5,464	4,672
Agents	1,884	2,408
	43,222	**39,691**

Severance

€ thousands	2004	2003
Present value of the obligations as of Jan. 1	20,786	21,440
Loss (previous year: gain) on foreign exchange	21	(12)
Change in consolidation scope	273	(549)
Current service cost	907	962
Interest expense	1,027	1,145
Benefits paid	(1,448)	(1,406)
Actuarial loss (previous year: gain)	659	(794)
Present value of the obligations as of December 31	**22,225**	**20,786**

€ thousands	2004	2003
Current service cost	907	962
Interest expense	1,027	1,145
Indemnity expense	2,820	1,714
Payments (defined contribution plan)	43	17
Actuarial losses (previous year: gain)	659	(794)
Severance expense	**5,456**	**3,044**

The severance expense includes €2.433 million in severance payments made in 2004 for an outsourcing project of non-core business activities at H&N GmbH.

The severance reserve covers mainly severance benefits in Austria. The most assumptions for the actuarial calculation were:

	12/31/2004	12/31/2003
Salary increases	2.5%	3.15%
Discount rate	5.0%	5.5%

Pension reserves

2004 € thousands	Other	UK	Total
Present value of obligations as of Jan. 1	10,304	25,689	35,993
Loss on foreign exchange	0	48	48
Current service costs (employer and employees)	149	456	605
Interest expense	526	1,438	1,964
Benefits paid	(678)	(772)	(1,450)
Additions to consolidation scope	1,718	0	1,718
Actuarial gains	(117)	(165)	(282)
Present value of obligations as of Dec. 31	**11,902**	**26,694**	**38,596**

reduced by the assets designated to cover pension obligations

2004 € thousands	Other	UK	Total
Fair value of plan assets as of Jan. 1	0	18,106	18,106
Gain on foreign exchange	0	7	7
Expected return on plan assets	0	1,396	1,396
Contributions (employer and employee)	0	440	440
Benefits paid	0	(743)	(743)
Actuarial gains	0	431	431
Fair value of plan assets as of Dec. 31	**0**	**19,637**	**19,637**

2004 € thousands	Other	UK	Total
Present value of obligations as of Dec. 31	11,902	26,694	38,596
Fair value of plan assets as of Dec. 31	0	19,637	19,637
Unfunded obligations	**11,902**	**7,057**	**18,959**
Unrecognized portion	0	(5,310)	(5,310)
Pension reserves as of Dec. 31	**11,902**	**1,747**	**13,649**

2004 € thousands	Other	UK	Total
Current service cost (employer)	149	318	467
Interest expense	526	1,438	1,964
Expected return on plan assets	0	(1,396)	(1,396)
Contributions to plan assets (employer)	0	307	307
Pension fund payments (defined contribution plans)	1,375	0	1,375
Actuarial gains	(117)	(473)	(590)
Pension expense	**1,933**	**194**	**2,127**

2003 € thousands	Other	UK	Total
Present value of obligations as of Jan. 1	9,711	23,562	33,273
Gain on foreign exchange	0	(2,038)	(2,038)
Current service costs	208	677	885
Interest expense	494	1,284	1,778
Benefits paid	(675)	(584)	(1,259)
Actuarial losses	566	2,788	3,354
Present value of obligations as of Dec. 31	**10,304**	**25,689**	**35,993**

reduced by the assets designated to cover pension obligations

2003 € thousands	Other	UK	Total
Fair value of plan assets as of Jan. 1	0	17,268	17,268
Loss on foreign exchange	0	(1,453)	(1,453)
Expected return on plan assets	0	1,266	1,266
Contributions (employer and employee)	0	591	591
Benefits paid	0	(572)	(572)
Actuarial gains	0	1,006	1,006
Fair value of plan assets as of Dec. 31	**0**	**18,106**	**18,106**

2003 € thousands	Other	UK	Total
Present value of obligations as of Dec. 31	10,304	25,689	35,993
Fair value of plan assets as of Dec. 31	0	18,106	18,106
Unfunded obligations	**10,304**	**7,583**	**17,887**
Unrecognized portion	0	(6,062)	(6,062)
Pension reserves as of Dec. 31	**10,304**	**1,521**	**11,825**

2003 € thousands	Other	UK	Total
Current service cost (employer)	208	462	670
Interest expense	494	1,284	1,778
Expected return on plan assets	0	(1,266)	(1,266)
Contributions to plan assets (employer)	0	381	381
Pension fund payments (defined contribution plans)	1,342	0	1,342
Actuarial losses	567	(221)	346
Pension expense	**2,611**	**640**	**3,251**

Essentially, pension reserves cover pension obligations in Austria, Germany and the U.K. The main assumptions used in the actuarial calculations were as follows:

Austria	12/31/2004	12/31/2003
Salary increase	2.5%	3.15%
Pension increase	2.0%	2.0%
Discount rate	5.0%	5.5%

In the U.K., Constantia UK Ltd. offers all full-time employees a pension plan known as the “Teich Flexibles Retirement Benefits Scheme”, a defined benefit pension plan, with securities held in a separately managed trust fund. The related plan costs are set in accordance with the advice of an actuary. For the U.K. pension plan, the company applies the corridor method and recognizes the underfunded amount on the income statement over 15 years.

The main assumptions for the actuarial calculation were as follows:

U.K.	12/31/2004	12/31/2003
Salary increase	3.6%	3.3%
Pension increase	2.8%	2.3%
Discount rate	5.6%	5.8%
Inflation assumption	2.6%	2.3%

Service anniversary bonus

€ thousands	2004	2003
Present value of the obligations as of Jan. 1	4,672	4,475
Loss (previous year: gain) on foreign exchange	14	(18)
Change in consolidation scope	0	(51)
Current service cost	235	144
Interest expense	241	158
Benefits paid	(168)	(106)
Actuarial losses	470	70
Present value of obligations as of Dec. 31	**5,464**	**4,672**

€ thousands	2004	2003
Current service cost	235	144
Interest expense	241	158
Actuarial losses	470	70
Service anniversary bonus expense	**946**	**372**

The main assumptions used in the actuarial calculation were as follows:

Austria	12/31/2004	12/31/2003
Salary increase	2.5%	3.15%
Discount rate	5.0%	5.5%

2004 € thousands	As of 12/31/03	Currency translation difference	Change in consolidation scope	Use	Write-back	Allocation	As of 12/31/04
Reserves for Service anniversary bonuses	4,672	14	0	168	0	946	5,464
Agents	2,408	0	0	277	253	6	1,884
Long-term reserves	**7,080**	**14**	**0**	**445**	**253**	**952**	**7,348**

2003 € thousands	As of 12/31/02	Currency translation difference	Change in consolidation scope	Use	Write-back	Allocation	As of 12/31/03
Reserves for Service anniversary bonuses	4,475	(18)	(51)	106	0	372	4,672
Agents	2,444	0	0	124	0	88	2,408
Long-term reserves	**6,919**	**(18)**	**(51)**	**230**	**0**	**460**	**7,080**

14. Short-term reserves

2004 € thousands	As of 12/31/03	Currency translation difference	Change in consolidation scope	Use	Write-back	Allocation	As of 12/31/04
	4,785	6	0	3,738	126	9,438	10,365

2003 € thousands	As of 12/31/02	Currency translation difference	Change in consolidation scope	Use	Write-back	Allocation	As of 12/31/03
	5,034	(45)	0	2,401	0	2,197	4,785

Other short-term reserves includes guarantees and warranties. In 2004, €2.869 million was allocated for an outsourcing project of non-core business activities and €6.493 million was allocated for payments still pending in connection with the sale of a property in Derby (GB).

15. Composition of liabilities

2004 € thousands	Total	maturing in less than 1 year	maturing in 1 to 5 years	maturing in more than 5 years
Long-term debt	166,982	0	163,061	3,921
Total long-term debt	**166,982**	**0**	**163,061**	**3,921**
Short-term debt	115,184	115,184	0	0
Accounts payable	82,126	82,126	0	0
Current tax	5,310	5,310	0	0
Other liabilities	56,115	56,115	0	0
Total short-term liabilities	**258,735**	**258,735**	**0**	**0**

2003 € thousands	Total	maturing in less than 1 year	maturing in 1 to 5 years	maturing in more than 5 years
Long-term debt	132,828	0	125,994	6,834
Total long-term debt	**132,828**	**0**	**125,994**	**6,834**
Short-term debt	129,683	129,683	0	0
Accounts payable	74,463	74,463	0	0
Current tax	4,865	4,865	0	0
Other liabilities	48,964	48,964	0	0
Total short-term liabilities	**257,975**	**257,975**	**0**	**0**

Of the debt, €11.505 million (2003: €9.947 million) is secured by mortgages. Long-term debt includes liabilities to affiliated companies (Danapak A/S of the Arla Group is the creditor) in the amount of €11.739 million (2003: €11.410 million), while short-term debt totaled €1.680 million (2003: €399 thousand).

Long-term debt includes the following three profit-sharing certificates:

Teich AG has distributed €6.904 million in bearer profit-sharing certificates and €7.267 million in profit-sharing certificates in perpetuity to VBV Anlagen Vermietungs- und Beteiligungs-Aktiengesellschaft. The profit-sharing agreement can be cancelled by either side at the earliest on December 31, 2007 and December 31, 2008, respectively. The profit-sharing certificates entitle the holder to receive a share of the annual profit, within upper and lower limits, and are subordinated to other liabilities. Under an agreement dated June 24, 2004, both contracts were cancelled by mutual consent and repaid effective December 31, 2004.

Haendler & Natermann GmbH has distributed €7.682 million in bearer profit-sharing certificates and €10.124 million in profit-sharing certificates in perpetuity to VBV

Anlagen Vermietungs- und Beteiligungs-Aktiengesellschaft. The profit-sharing agreement can be cancelled by either party at the earliest on December 31, 2010 and December 31, 2011, respectively. The profit-sharing certificates entitle the holder to receive a share of the annual profit, within upper and lower limits, and are subordinated to other liabilities.

Duropack AG has issued €29 thousand in profit-sharing certificates to Interwell Wellpappe GmbH. Subsequently, a €2.878 million premium was paid in for the profit-sharing capital. These are obligatory profit-sharing certificates with a maturity of December 31, 2010. Claims on a share of the company profit are linked with the profit-sharing right, with a distribution following only at maturity. A reserve was established for this year's claim on profit.

Accounts payable includes liabilities to associated companies in the amount of €9.617 million (2003: €11.400 million to not yet associated companies).

Payables related to investments in other companies account for €9.302 million (2003: €6.850 million) of accounts payable.

16. Other liabilities

€ thousands	2004	2003
Medical insurance fund	4,939	4,733
Staff charges	14,690	13,383
Accrued unused vacations	10,921	12,069
Thorn Lighting Group purchase price	10,000	0
Other taxes	3,377	4,063
Other deferred taxes	1,444	1,279
Forwards	877	1,155
Dividends payable to third parties	0	623
Other liabilities	9,094	10,466
Deferred income	773	1,193
	56,115	**48,964**

H. Notes to the consolidated income statement

17. Revenue

Additional information concerning revenues is contained in the segment report.

18. Other operating income

€ thousands	2004	2003
Gains on fixed asset disposals	3,374	530
Gains on deconsolidation	0	3,352
Insurance proceeds	977	252
Foreign exchange gains	1,636	1,932
Other	8,303	8,112
	14,290	**14,178**

19. Personnel expenses

€ thousands	2004	2003
Wages	110,096	110,600
Salaries	62,663	64,398
Severance expense	5,456	3,044
Pension expense	2,127	3,251
Expenses for payroll taxes	37,704	36,308
Other personnel expenses	5,154	5,350
	223,200	**222,951**

Employees	2004	2003
Average number of wage earners	3,693	3,684
Average number of salaried employees	1,510	1,688
	5,203	**5,372**

In 2004, the Managing Board of the parent company received compensation (including additions to severance and pension reserves) of €696 thousand (2003: €649 thousand), of which €240 thousand was performance-related (2003: €200 thousand).

The Supervisory Board received total compensation of €50 thousand (2003: €50 thousand).

In 2004, a public relations consulting agreement was concluded with a member of the Supervisory Board. The consulting fee paid in 2004 totaled €11 thousand.

20. Other operating expenses

€ thousands	2004	2003
Freight	34,910	33,085
Maintenance	23,998	26,389
Other third-party expenses and consultant fees	15,039	12,634
Advertising expense	2,827	3,159
Foreign exchange differences	1,044	3,768
Rentals, leases	7,240	8,415
Travel and vehicle charges	7,227	7,709
Commissions	6,602	7,545
Risk provisions	4,737	4,942
Insurance	5,446	4,422
Communications expenses	2,424	2,827
Other taxes	2,525	1,877
Other	13,854	16,988
	127,873	**133,760**

21. Interest expense

€ thousands	2004	2003
Interest income	2,447	3,510
Interest expense	(12,612)	(12,843)
	(10,165)	**(9,333)**

22. Equityergebnis

€ thousands	2004	2003
Income from equity affiliate	3,976	0

The income from equity affiliate consists exclusively of Austria Metall AG's contribution to net income pursuant to the Austrian Commercial Code for the period April 1 through December 31, 2004.

23. Income tax expense

€ thousands	2004	2003
Current taxes	19,531	27,546
Deferred taxes	2,666	(2,669)
	22,197	**24,877**

24. Tax reconciliation

€ thousands	2004	2003
Earnings before tax (EBT)	69,685	52,587
Tax at the statutory 34% rate	23,693	17,880
Goodwill amortization	2,638	2,143
Unassessed losses	6,295	3,835
Other non-deductible expenses	677	948
Tax-free income	(3,137)	(1,140)
Impact of other tax rates	(996)	(1,363)
Deferred tax write-backs/allocations, auditing fees, withholding tax	(130)	4,435
Change in tax rates	39	(38)
Tax credits	(1,701)	(973)
Tax on income from equity affiliate	(1,352)	0
Tax on first-time consolidation of Thorn	(4,000)	0
Other	171	(850)
	22,197	**24,877**

25. Deferred taxes

	Deferred taxes 2004		Deferred taxes 2003	
€ thousands	Asset	Liability	Asset	Liability
Intangible assets	1,138	58	2,185	83
Tangible fixed assets	881	14,384	2,947	14,969
Financial assets	218	1,483	1,320	491
Inventories	247	343	458	273
Receivables	614	3,812	547	74
Bank deposits, securities	0	0	17	0
Loss carryforward	15,460	0	1,707	0
IAS 39 reserves	195	297	0	155
Untaxed reserves	0	1,545	0	2,161
Accruals	7,110	127	6,898	547
Liabilities	3,499	473	4,292	479
	29,362	**22,522**	**20,371**	**19,232**
Tax credits with the same tax authority	(12,409)	(12,409)	(12,924)	(12,924)
Net deferred tax liability	**16,953**	**10,113**	**7,447**	**6,308**

Last year, the change in deferred taxes resulting from the change in consolidation scope amounted to €12.612 million, up from €108 thousand in 2003. This increase was entirely attributable to the deferred tax assets of Thorn Lighting Group, which based on management's estimate were capitalized in the amount of 40% as part of the first-time consolidation. Adjustments based on the change in Austria's corporate tax rate from 34% to 25% are not material.

I. Segment reporting

Segment information is presented according to the following criteria:

Business segments

Constantia Packaging Group is divided into two business segments (three segments in 2003):

a. Flexible packaging
b. Corrugated board
c. Packaging distribution – Petruzalek Group (previous year)

2004 business segment report

€ thousands	Flexible packaging	Corrugated board	Packaging distribution	Total	Holding reconciliation	Group
Consolidated sales	710,608	234,399	0	945,007	0	945,007
Internal sales	0	759	0	759	(759)	0
Total sales	710,608	235,158	0	945,766	(759)	945,007
Operating income	56,146	23,784	0	79,930	(4,348)	75,582
Income from equity affiliate					3,976	3,976
Net interest expense						(10,165)
Other financial income						292
Financial expense						(5,897)
Earnings before taxes						**69,685**
Corporate income tax						(22,197)
Net income						**47,488**
Minority interests						(9,758)
Consolidated net income						**37,730**
Segment assets	448,915	132,811	0	581,726	165,830	747,556
of which, shares in associated companies				0	80,218	80,218
Segment liabilities	138,459	36,405	0	174,864	314,553	489,417
Depreciation	34,487	10,418	0	44,905	184	45,089
Goodwill amortization	6,484	1,276	0	7,760	0	7,760
Capital expenditures (excl. additions)	58,318	16,208	0	74,526	1,581	76,107
Employees	3,544	1,643	0	5,187	16	5,203

Since Group holding company is exclusively responsible for the equity interest in Austria Metall AG, this interest was allocated to the holding company.

2003 business segment report

€ thousands	Flexible packaging	Corrugated board	Packaging distribution*	Total	Holding reconciliation	Group
Consolidated sales	713,227	228,637	34,041	975,905	0	975,905
Internal sales	0	857	0	857	(857)	0
Total sales	713,227	229,494	34,041	976,762	(857)	975,905
Operating income	38,596	20,644	5,437	64,677	(3,032)	61,645
Income from equity affiliate						0
Net interest expense						(9,333)
Other financial income						275
Financial expense						(9,058)
Earnings before taxes						**52,587**
Corporate income tax						(24,877)
Net income						**27,710**
Minority interests						(7,423)
Consolidated net income						**20,287**
Segment assets	430,719	120,729	0	551,448	105,695	657,143
Segment liabilities	134,385	31,455	0	165,840	275,747	441,587
Depreciation	39,251	10,481	388	50,120	57	50,177
Goodwill amortization	5,026	1,276	0	6,302	0	6,302
Capital expenditures (excl. additions)	44,687	10,622	173	55,482	90	55,572
Employees	3,554	1,633	173	5,360	12	5,372

*) Packaging distribution: all figures from January through November 2003, operating income includes gains on deconsolidation

2004 geographical segment report

€ thousands	Austria	Rest of Europe	Other countries	Total	Holding reconciliation	Group
Austrian market	75,548	31,900	245	107,693	(29,853)	77,858
Other European markets	247,720	557,950	0	805,670	(35,258)	770,412
Other markets	29,526	32,410	40,993	102,929	(6,192)	96,737
Total sales	352,794	622,260	41,238	1,016,292	(71,285)	945,007
Operating income	28,356	53,114	(7,175)	74,295	1,287	75,582
Segment assets	184,618	376,959	26,087	587,664	159,892	747,556
of which, shares in associated companies	80,618			80,218	0	80,218
Segment liabilities	92,913	94,692	4,223	191,828	297,589	489,417
Capital expenditures (excl. additions)	22,677	51,156	2,274	76,107	0	76,107

2003 geographical segment report

€ thousands	Austria	Rest of Europe	Other countries	Total	Holding reconciliation	Group
Austrian market	89,966	32,730	142	122,838	(23,576)	99,262
Other European markets	256,334	552,019	0	808,353	(33,220)	775,133
Other markets	29,966	35,168	44,159	109,293	(7,783)	101,510
Total sales	376,266	619,917	44,301	1,040,484	(64,579)	975,905
Operating income	32,783	36,005	(8,148)	60,640	1,005	61,645
Assets	165,107	352,803	34,346	552,256	104,887	657,143
Liabilities	79,267	83,438	5,198	167,903	273,684	441,587
Capital expenditures (excl. additions)	21,482	31,499	2,591	55,572	0	55,572

J. Discontinuation/sale of business segments

Under a June 4, 2003 sales agreement, all shares (100%) in Petruzalek Group were sold to the Italian packaging materials manufacturer Sirap Gema. The ownership transfer took effect on November 30, 2003 after all competition authorities had completed their reviews. The business purpose of the Petruzalek Group is the distribution of packaging materials.

The segment report figures for the Petruzalek Group at the time of the sale (November 30, 2003) were as follows:

€ thousands	12/31/04	11/30/03
Consolidated sales	0	34,041
Internal sales	0	0
Total sales	0	34,041
Operating income	0	5,437
Depreciation	0	388
Cash flow	0	2,006
Assets	0	16,733
Liabilities	0	6,758
Capital expenditures	0	173

The book value of the assets and liabilities, which were disposed of, and the corresponding figures from the previous year were as follows:

€ thousands	12/31/04	11/30/03
Intangible assets	0	0
Tangible fixed assets	0	3,052
Other financial assets	0	153
Deferred tax assets	0	108
Inventories	0	5,537
Accounts receivable	0	5,929
Other receivables	0	2,206
Cash and cash equivalents	0	781
Total assets	**0**	**17,766**
Severance reserves	0	549
Other reserves	0	51
Liabilities to credit institutions	0	3,956
Accounts payable	0	3,943
Current tax liability	0	48
Accruals	0	502
Other liabilities	0	2,412
Total reserves and liabilities	**0**	**11,461**

The revenues, expenses, earnings before taxes and related tax expense to be attributed to the business segment during the reporting years were as follows:

€ thousands	12/31/04	11/30/03
Revenues	0	34,041
Expenses	0	(32,161)
Earnings before taxes	0	1,880
Income tax expense	0	(538)

The net operating, investing and financing cash flows of the business segment sold were as follows:

€ thousands	12/31/04	11/30/03
Operating activities	0	2,066
Investing activities	0	10
Financing activities	0	(2,174)
Total	**0**	**(98)**

K. Notes to the cash flow statement

The cash flow statement shows changes in the Group's cash over the course of the year. It is constructed using the indirect method, and classifies payment flows into operating, investing and financing activities. The liquidity shown in the cash flow statement includes cash on hand, checks, deposits at credit institutions.

a) Acquisitions:

In 2004, cash flow from the acquisition of subsidiaries involved mainly the acquired shares of Dusan Petronijevic for €237 thousand and Thorn Lighting Group for €10 million; in 2003, it arose mainly from the acquisition of additional shares in subsidiaries:

€ thousands	2004	2003
Cash and cash equivalents	(608)	0
Deferred taxes	(12,612)	0
Receivables	(3,733)	0
Inventory	(395)	0
Capital expenditures	(1,497)	0
Financial assets	(3)	0
Liabilities and reserves	3,873	0
Long- and short-term debt	511	0
Acquired net assets/liabilities	(14,464)	0
Cash and cash equivalents	608	0
Negative goodwill/goodwill	4,000	(716)
Change in minority interests	227	(268)
	(9,629)	**(984)**
Change in purchase price liability	10,000	0
Net cash flow	**371**	**(984)**

b) Disposals:

In 2003, these disposals involved the shares of the Petruzalek Group.

€ thousands	2004	2003
Cash and cash equivalents	0	781
Receivables	0	8,243
Inventories	0	5,537
Tangible fixed assets (excluding financial assets)	0	3,052
Financial assets	0	153
Liabilities and reserves	0	(7,505)
Long- and short-term debt	0	(3,956)
Sold net assets/liabilities	0	6,305
Cash and cash equivalents	0	(781)
Proceeds from disposals	0	3,352
Change in minority interests	0	(206)
Receivables on disposals	0	(528)
Net cash flow	**0**	**8,142**

L. Financial instruments

a) Currency risk

Currency risk arises from the impact of exchange rate fluctuations on financial instrument valuations. The Group only concludes forward currency transactions to hedge foreign exchange risk related to cash flow from operating activities (cash flow hedge).

The fair market value of assets and liabilities shown in the balance sheet is not hedged with derivatives (fair value hedge).

Transaction risk is calculated for each foreign currency. Foreign currency receivables and liabilities arising from business transactions recognized in the financial statements at the time that the contract is concluded are taken into account, as are certain off-balance sheet positions, which include mainly recurring operating transactions (future planned materials purchases and sales proceeds).

The Group's foreign currency risks arise from the fact that it has foreign operations, production facilities and sales. Based on the decentralized company structure of Constantia Packaging Group, debt financing and raw materials purchases are usually made in the respective local currencies. Similarly, the Group's invoices are largely billed in the respective local currencies, which results in a closed currency position and a significant decrease in the identifiable currency risk.

As of December 31, originated financial instruments, which include accounts receivable and payable (core business), loans and debt, broke down by currency as follows:

Originated financial instrument assets	Currency	2004 € thousands	Share	Share	2003 € thousands	Share
	EUR	139,210	72.7%	EUR	136,647	64.7%
	GBP	3,324	1.7%	GBP	9,802	4.6%
	USD	12,077	6.3%	USD	14,410	6.8%
	DKK	5,593	2.9%	DKK	11,834	5.6%
	CZK	7,759	4.0%	CZK	7,078	3.4%
	SKK	6,960	3.6%	SKK	4,596	2.2%
	HUF	3,182	1.7%	HUF	3,511	1.7%
	PLZ	3,595	1.9%	PLZ	4,645	2.2%
	SIT	5,740	3.0%	SIT	5,887	2.8%
	CHF	169	0.1%	CHF	9,383	4.4%
	other	3,992	2.1%	other	3,390	1.6%
		191,601	**100.0%**		**211,183**	**100.0%**

Originated financial instrument liabilities	Currency	2004 € thousands	Share	Share	2003 € thousands	Share
	EUR	303,563	83.3%	EUR	244,418	73.5%
	DKK	13,504	3.7%	DKK	45,205	13.6%
	USD	25,336	7.0%	USD	20,834	6.3%
	GBP	1,117	0.3%	GBP	4,375	1.3%
	HUF	1,285	0.4%	HUF	692	0.2%
	CHF	534	0.1%	CHF	291	0.1%
	CZK	6,088	1.7%	CZK	1,592	0.5%
	SKK	2,426	0.7%	SKK	1,181	0.4%
	PLZ	5,832	1.6%	PLZ	5,388	1.6%
	SIT	1,274	0.3%	SIT	3,094	0.9%
	other	3,333	0.9%	other	5,260	1.6%
		364,292	**100.0%**		**332,330**	**100.0%**

b) Liquidity risk

Liquidity risk designates the risk of not being able to raise funds when necessary in order to settle financial obligations. To cover this risk, the Group ensures that sufficient liquid funds are available or that the necessary financing can be obtained through existing borrowing facilities. Liquid assets are invested in highly rated marketable instruments, primarily diversified mixed investment funds, fixed-interest bonds, and short-term money market instruments.

c) Credit risk

Credit risk, namely the risk of delayed payments by the contractual partner, are controlled through the use of credit checks, credit limits and routine audits. Where possible, the Group receives export guarantees from the State or similar private institutions in order to reduce the risk of payment default. Credit risk, together with the investments in liquid funds and securities, is limited by the fact that the Group only works with creditworthy financial partners.

On the asset side, the reported amounts of originated financial instruments represent both the maximum credit and default risk.

Allowances are made for all existing risks, and management is of the opinion that no other credit risks will arise.

d) Interest rate risk

Management believes that the risk of interest rate fluctuations on financial assets and liabilities is minimal. Derivatives such as interest rate swaps are therefore used only to a very limited extent. As of December 31, 2004, the entire Group had only one EUR/CHF interest rate / currency swap and one euro interest rate swap.

Thanks to centrally administered liquidity management, the average interest rate paid on debt fell from 3.32% in 2003 to 3.11% last year.

Sensitivity analysis: A 1% rise in interest rates would increase the Group's net interest expense on variable-rate financial instruments by €1.7 million.

The weighted average effective interest rates were as follows on December 31:

		2004			2003	
	fixed	variable	average	fixed	variable	average
Demand deposits		1.65%	1.65%		1.63%	1.63%
Short-term investments	2.52%	1.98%	2.45%	2.81%	2.83%	2.81%
Short-term securities	5.86%	2.76%	5.11%	6.21%	4.67%	5.74%
Long-term securities	6.63%	2.50%	2.89%	6.63%	3.40%	3.59%
Short-term debt	3.33%	2.66%	2.77%	3.57%	2.70%	2.88%
Long-term debt	3.83%	2.85%	3.49%	4.90%	2.80%	3.52%

e) Valuation of originated financial instruments

The amount of originated financial instruments can be seen directly from the balance sheet and the related disclosures in the notes.

Financial instruments not entered at fair value are essentially accounts receivable, other current assets, other fixed assets, accounts payable and other liabilities, bank overdrafts and long-term loans. These instruments are valued at acquisition cost less depreciation, with an impairment test carried out using the effective interest rate method.

Liquid funds, short- and long-term financial assets

The book value of the liquid funds and other financial assets corresponds approximately to market values due to the relatively short maturities of these financial instruments.

Securities included in fixed and current assets

The fair market value of publicly traded securities is based on current prices. For all other unlisted instruments, the fair market value is estimated on the basis of expected cash flows or the underlying net asset value. All of the Group's securities are classified as available-for-sale financial assets and valued as of December 31. Changes in market value are recognized in their entirety in the income statement for the period.

As of December 31, the book value of the Group's securities corresponded to their market value and broke down as follows:

Book value in € thousands	2004	2003
Fund shares	11,228	10,048
Debt from financial institutions	6,030	7,891
Debt from the Austrian Republic and from municipalities	1,880	1,933
Debt from foreign countries	380	250
Equities	124	124
	19,642	**20,246**

Receivables and liabilities

The historical book value of receivables and liabilities – all with standard payment terms – corresponds approximately to their fair market value.

Short-term liabilities to credit institutions

Due to the short maturity of these liabilities, the book value corresponds approximately to the fair market value.

Long-term liabilities to credit institutions
The fair market value of long-term liabilities is based on current interest rates for liabilities with comparable maturities. The fair market value of long-term loans and other liabilities with variable interest rates corresponds approximately to their book value.

Management is of the opinion that the risk of interest rate changes on financial assets and liabilities is not material.

Profit-sharing capital
See the notes to the corresponding balance sheet item.

f) Derivative financial instruments
With the implementation of IAS 39, the Group has classified its foreign currency hedging transactions as cash flow hedges and entered them at fair value. This fair value is based on the listed price as of December 31, which is confirmed by a financial institution.

Further, the Group uses commodity derivatives to hedge price risks arising from aluminum delivery transactions. Standard market instruments with sufficient market liquidity are used exclusively for this purpose.

Gains and losses from the fair market valuation on December 31 are initially not recognized in the income statement, but instead are shown as a reserve in shareholders' equity. Subsequently, they are transferred from this reserve to the income statement in the year when the planned transaction takes place.

Two derivative contracts were concluded to hedge interest rate risk.

- Since 2000, the Group has maintained a EUR/CHF interest rate / currency swap that does not qualify as a cash flow hedge. Accordingly, valuation adjustments are not treated as changes in IAS 39 reserves, but instead are recognized each year in the income statement.

- In 2003, the Group concluded a euro-denominated interest rate swap, which given its effectiveness as a cash flow hedge is not initially reported on the income statement, but instead an IAS 39 reserve. This swap will subsequently be transferred from the reserve and to the income statement during the year when the planned interest payment is made.

Last year, the Group concluded a USD forward currency contract as a hedge against foreign exchange risk. This contract qualifies as a fair value hedge, and changes in value are therefore not entered under the IAS 39 reserve, but rather are recorded each year directly on the income statement.

Since no options were purchased in 2004 or 2003, options premiums were nil for both years.

Derivatives recorded in the IAS 39 reserves:

		2004		2003	
	Currency	Notional value in the contract currency	Market value in € thousands	Notional value in the contract currency	Market value in € thousands
Currency derivatives					
Forwards	USD	10,270	(506)	8,500	(720)
	PLN	1,100	(16)	0	0
	GBP	0	0	250	33
Commodity derivatives					
Forwards	EUR	18,057	1,186	20,823	(309)
	USD	11,870	1,337	13,930	1,143
Interest rate derivatives					
Swap	EUR	7,500	(178)	7,500	(39)
			1,823		**108**

Derivatives recorded directly on the income statement:

		2004		2003	
	Currency	Notional value in the contract currency	Market value in € thousands	Notional value in the contract currency	Market value in € thousands
Interest rate derivatives					
Swap	EUR	7,669		7,669	
	to CHF	12,344	(450)	12,344	(576)
Currency derivatives					
Forwards	USD	4,300	301	0	0

The notional value measures the total underlying amount of all derivative purchase and sale contracts. The market values are derived from the trading amounts of the underlying financial transactions that are traded as of December 31.

The currency derivatives all have maturities of less than one year, as do the commodities hedges. The term of the interest rate / currency swap ends in 2005, while that of the interest rate swap ends in 2007. The forward currency contract of more than $4.3 million is due in 2005.

g) Effects of the application of IAS 39

The effects of the valuation of securities included under IAS 39 and the changes in the reserve in shareholders' equity with regard to derivatives used as cash flow hedges are presented in the table below.

€ thousands	IAS 39 Reserves
IAS 39 reserves as of December 31, 2002	**(2,559)**
Changes in the period	
Gains/(losses) from adjustments to fair value	108
Related deferred taxes	155
Transfer from reserves to income statement	3,143
Related deferred taxes	(584)
IAS 39 reserves as of December 31, 2003	**263**
Changes in the period	
Gains/(losses) from adjustments to fair value	1,823
Related deferred taxes	(102)
Transfer from reserves to income statement	(108)
Related deferred taxes	(155)
IAS 39 reserves as of December 31, 2004	**1,721**

M. Leasing

Operating lease agreements

The Group has entered into several operating lease agreements for buildings, machinery, office space and other assets. These agreements do not contain any limitations on the activities of the Group with respect to dividends, additional debt or further lease agreements.

The future payments arising from operating lease agreements are as follows:

€ thousands	2004	2003
Up to 1 year	6,285	7,588
From 1 to 5 years	6,804	7,804
More than 5 years	2,703	2,265
Total	**15,792**	**17,657**

N. Contingent liabilities

a) Litigation

As of December 31, 2004, there were no pending lawsuits that could have a material adverse effect on normal business activities, nor did management know of any legally significant conditions that could lead to such a lawsuit.

b) Other

€ thousands	2004	2003
Negotiated bills	143	139
Obligations for equipment ordered	9,058	2,470

The previous owners of Drukkerij Verstraete N.V. can offer until 2016 the remaining 49% share in the company to the Group, while the Group has the right after 2006 until 2016 to purchase the remaining shares. The purchase price depends on the future profits, but at a minimum amounts to €17.500 million.

c) Environmental impact

The Duropack Bupak Papirna s.r.o. plant in Ceske Budejovice, Czech Republic, contains a depot for inert material from paper production, which was used until 1996. In accordance with regulatory requirements, the site was restored according to Western standards in 2002 and from now on is to be controlled annually with soil measurements.

During construction work at the headquarters building of Petruzalek GmbH in Vösendorf near Vienna, contaminated soil was discovered from a former heating oil storage depot in World War II. The State ordered additional test excavations, and a large contaminated area was identified, which affects several other companies. Given the dense development in the area, the authorities are not expected to order a clean-up of the site in the foreseeable future, nor is this site likely to present a financial burden for the industrial and commercial operations located there. As part of the Group's sale of Petruzalek GmbH in 2003, the buyer did not acquire the underlying property of the site.

During routine soil testing, toxic chemical contamination was discovered at the site of the H & N Packaging Inc. plant in Colmar, U.S. This contamination was caused around 20 years ago by an unaffiliated company. A so-called environmental indemnification agreement was concluded, under which the unaffiliated company gave the property owner an unconditional guarantee to bear any environmental costs related to the site.

The relevant environmental authorities have stated that from a legal perspective, all claims to cover the clean-up cost would be directed to the party that caused the contamination. In that context, negotiations are currently under way with the authorities to waive all liability claims against H&N Packaging Inc. in exchange for a lump-sum installment payment of no more than €500 thousand, but for which no recourse would be possible against the party that caused the contamination. At this point, the total estimated cost to decontaminate and clean up the property is not possible.

O. Business relationships with affiliated companies

Constantia Packaging BV, with headquarters in Vaassen, the Netherlands, is the main shareholder of the Group. Constantia Packaging B.V. owns 96% of Constantia Privatbank AG, Vienna, and 15% less one share of AMAG Group. The business transactions among affiliates are conducted under arms-length conditions.

Turnauer Industriestiftung, located in Vaduz, Liechtenstein, holds a controlling interest in Constantia Packaging BV.

Purchasing volume with AMAG Group was €32.710 million in 2004 (€33.118 million in 2003). As of December 31, 2004, liabilities to this Group totaled €8.972 million, compared with €11.043 million the previous year.

Sales to Arla Group were €24.030 million in 2004, compared with €21.177 million in 2003. As of December 31, 2004, receivables from and liabilities to this company amounted to €2.436 million and €13.419 million, respectively, compared with €1.759 million and €11.809 million, respectively, the previous year.

Sales (management fees & real estate leasing) to the Paverco Group, which owns 49% of the shares in Drukkerij Verstraete N.V., were €1.104 million in 2004, compared to nil the previous year, and as of December 31, 2004 receivables from this Group totaled €6.841 million, compared with nil the previous year.

Purchasing volume with Interwell Wellpappe GmbH was €0 in 2004 as in 2003. As of December 31, 2004, liabilities to this company totaled €5.142 million, compared with €4.258 million the previous year, and corresponded to profit-sharing rights, including accrued claims against the earnings of Interwell Wellpappe GmbH.

No loans have been granted to members of either the Managing Board or the Supervisory Board, nor have guarantees been entered into in their favor. Transactions of other types, especially purchase contracts for material assets, have not been entered into, with one exception. In 2004, a public relations consulting agreement was concluded with a member of the Supervisory Board. The consulting fee paid in 2004 totaled €11 thousand.

P. Group companies

Name	Head office	Share in percent direct *	indirect **
Duropack Aktiengesellschaft	**Vienna, Austria**	**60,0**	**60,0**
Duropack Wellpappe Ansbach GmbH	Ansbach, Germany	100.0	60.0
Duropack Starpack Kft.	Füzesabony, Hungary	100.0	60.0
Duropack Tespack Tovarna embalaze Brestanica d.o.o.	Brestanica, Slovenia	100.0	60.0
Duropack Bupak Obaly a.s.	Ceske Budejovice, Czech Republic	100.0	60.0
Duropack Bupak Papirna s.r.o.	Ceske Budejovice, Czech Republic	100.0	60.0
Duropack Bupak Service s.r.o.	Ceske Budejovice, Czech Republic	100.0	60.0
Duropack Turpak Obaly a.s.	Martin, Slovakia	92.1	55.3
Duropack Karton d.o.o.	Buzin, Croatia	100.0	60.0
Dusan Petronijevic	Krusevac, Serbia	51.0	30.6
Constantia Flexibles Holding GmbH	**Weinburg, Austria**	**100.0**	**100.0**
Teich Aktiengesellschaft	Weinburg, Austria	99.9	99.9
Constantia Imballaggi SRL	Schio, Italy	100.0	99.9
Constantia Packaging AB	Stockholm, Sweden	100.0	99.9
Constantia Packaging Inc.	Barrington, USA	100.0	99.9
Constantia Packaging Ltd.	Girvan, United Kingdom	100.0	99.9
Constantia Packaging Sales GmbH	Vienna, Austria	100.0	99.9
Constantia Verpackungen Deutschland GmbH	Baldham, Germany	100.0	99.9
Danapak Flexibles A/S	Odense, Denmark	60.0	59.9
Corona Packaging A/S	Ishøj, Denmark	100.0	59.9
Constantia (UK) Ltd.	Derby, United Kingdom	100.0	59.9
Danapak Flexibles (UK) Ltd.	Derby, United Kingdom	100.0	59.9
Teich Aluminium (UK) Ltd.	Derby, United Kingdom	100.0	59.9
Teich Flexible Packaging (UK) Ltd.	Derby, United Kingdom	100.0	59.9
Teich Packaging Films (UK) Ltd.	Dundee, United Kingdom	100.0	59.9
K. Heyer GesmbH	Natschbach-Loipersbach, Austria	100.0	99.9
Teich Dippa Aktiengesellschaft	Sofia, Bulgaria	51.0	50.5
Constantia Inter Aktiengesellschaft	Baar, Switzerland	100.0	99.9
Alucommerz Aktiengesellschaft	Baar, Switzerland	100.0	99.9
Constantia Emballage France SARL	Versailles, France	100.0	99.9

Name	Head office	Share in percent direct *	indirect **
G&A Investments A/S	Kopenhagen, Denmark	100.0	99.9
G&A Healthcare Packaging Ltd.	Sittingbourne, United Kingdom	100.0	99.9
G&A Printers Ltd.	Sittingbourne, United Kingdom	100.0	99.9
Jeanne d'Arc Emballages S.A.	Joinville, France	99.3	99.2
Ludwig Nusser GmbH	Wangen, Germany	100.0	99.9
Quinta Grundstücksverwertungsgmbh	Wangen, Germany	90.0	89.9
Multifilm Packaging Corp.	Elgin, USA	100.0	99.9
Petruzalek International B.V.	Amsterdam, Netherlands	100.0	99.9
SIED Emballage SA	Tunis, Tunisia	52.0	51.9
Teich Poland Sp. z.o.o.	Rogowiec, Poland	100.0	99.9
TS Flex Ltd	Kalynivka, Ukraine	60.0	59.9
Teich Spedition Gesellschaft m.b.H.	Weinburg, Austria	100.0	99.9
H&N Holding GmbH	Weinburg, Austria	100.0	100.0
H & N Packaging Inc.	Colmar, USA	100.0	100.0
H & N (Suzhou) Packaging Materials Co. Ltd.	Taicang, China	100.0	100.0
Rotoflex Technology Inc.	Colmar, USA	100.0	100.0
Haendler & Natermann GmbH	Hann. Münden, Germany	90.0	100.0
Haendler & Natermann Sport GmbH	Hann. Münden, Germany	100.0	100.0
gft repro studio GmbH	Hann. Münden, Germany	100.0	100.0
AVI-GmbH, Kunststoff-Verpackungen	Scheden, Germany	100.0	100.0
S.A. Haendler et Natermann Benelux N.V.	Brussels, Belgium	100.0	100.0
Drukkerij Verstraete N.V.	Ursel-Knesselare, Belgium	51.0	51.0
Haendler & Natermann Iberica S.A.	Seville, Spain	100.0	100.0
J.S.P. S.A.	Magny-les-Hameaux, France	98.3	98.3
Wanfried-Druck Kalden GmbH	Wanfried, Germany	100.0	100.0
Wanfried-Sojus-Polygraphia OOO	St. Petersburg, Russia	100.0	100.0
Haendler & Natermann Packaging Ltd.	St. Petersburg, Russia	100.0	100.0
Thorn Lighting Group Holding GmbH	**Dornbirn, Austria**	**100.0**	**100.0**
Thorn Licht GmbH	Lemgo, Germany	100.0	100.0
Thorn Lighting Belgium SA	Liege, Belgium	100.0	100.0
Thorn Europhane S.A.	Madrid, Spain	100.0	100.0
Thorn Lighting B.V.	Amsterdam, Netherlands	100.0	100.0
Thorn Airfield Lighting (Mauritius) Holding Ltd.	Mauritius	100,0	100.0

* viewed directly from the parent company

** viewed from Constantia Packaging AG

Q. Other information

Company boards

Supervisory board
Guido N. Schmidt-Chiari, Chairman
Christine de Castelbajac, Deputy Chairwoman
Michael Prinz von und zu Liechtenstein, Deputy Chairman
Max Turnauer
Alfred Fogarassy
Herbert Krejci
Rainer Zellner

Managing Board
Helmut Schwager
Michael Götz

The Managing Board

Helmut Schwager | Michael Götz

Vienna, April 5, 2005

Audit Opinion

We audited the Consolidated Financial Statements of CONSTANTIA PACKAGING AG (Constantia Packaging Group) for the year ended December 31, 2004.

These financial statements, which are the responsibility of the Managing Board, were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board. Our duty is to issue an opinion on the basis of our audit.

The financial statements of some of the subsidiaries included in the Consolidated Financial Statements were audited by other audit firms. To the extent that our audit involves these subsidiaries, it applies exclusively to the respective audit opinions.

We performed our audit in accordance with International Standards on Auditing (ISA) of the International Federation of Accountants (IFAC). These standards require us to plan and implement the audit in such a manner as to provide reasonable assurance that the Consolidated Financial Statements are free of material misstatements.

The audit consists of random sampling of the amounts and information presented in the Consolidated Financial Statements. It also expresses an opinion on the accounting principles applied and the material estimates made by management, and assesses the overall presentation. We believe that our audit and the audit opinions of the other auditors provide a sufficient basis for our audit opinion.

The equity interest in Austria Metall Aktiengesellschaft acquired April 1, 2004 was recorded using the equity method in accordance with IAS 28. The contribution to shareholders' equity, however, was not recorded pursuant to IFRS but rather in accordance with the principles of the Austrian Commercial Code.

We believe that the consolidated financial statements present a true and fair picture of the net worth and financial situation of Constantia Packaging Group as of December 31, 2004, as well as its earnings situation and cash flows for the year ended on that date, in accordance with IFRS. We nevertheless call attention to the previous paragraph and point 2 in the Notes to the Consolidated Financial Statements.

We confirm that the Management Report is consistent with the Consolidated Financial Statements and fulfills the legal requirements for the discharge of the obligation to present the consolidated financial statements and Management Report in accordance with Austrian law.

Vienna, April 6, 2005

AUDITOR TREUHAND GMBH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Andreas GRAVE   Michael Schreder

Auditors

AUDITOR TREUHAND GMBH is a member of

Deloitte.

Supervisory Board report
for 2004

In 2004, the Supervisory Board fulfilled its duties under Austrian law and company by-laws. It received written and oral communications from the Managing Board informing it of all business matters and of the company's status. The Supervisory Board was involved in all important decisions and consulted with the Managing Board. These decisions notably included budgeting, strategic planning and major acquisitions and investments.

The Chairman of the Supervisory Board kept in regular contact with the Managing Board and they met to discuss the company's current situation.

Between the Supervisory Board meetings, the Managing Board also informed the Supervisory Board of major events. The Supervisory Board discussed key individual events that are of particular importance to the company's future development and took decisions on legal matters and measures pursuant to its duties under Austrian law, the company's by-laws and procedural rules.

In 2004, the Supervisory Board was involved mainly in the following subjects:

1. The acquisition of a 25% plus one share equity interest in Austria Metall Aktiengesellschaft, Ranshofen. After extensive consultations, the Supervisory Board approved the acquisition unanimously at a special meeting on May 13, 2004.

2. The restructuring of the subsidiaries and equity interests in anticipation of the new Austrian consolidated tax regime beginning in 2005.

3. The merger of the Teich and Haendler & Natermann subsidiaries into a single newly created entity, Constantia Flexibles Holding GmbH.

The Supervisory Board has established an Executive Committee, Personnel Committee and Audit Committee. These committees are all chaired by the Chairman of the Supervisory Board. Last year, the Supervisory Board met a total of six times.

The Financial Statements and the Consolidated Financial Statements for the year ending December 31, 2004 and the Management Report and Group Management Report were audited by Auditor Treuhand GmbH, which was appointed in accordance with § 270 of the Austrian Commercial Code (HGB), and they received an unqualified opinion. The Supervisory Board reviewed the Financial Statements, Consolidated Financial Statements, Management Report, proposed profit appropriation of Constantia Packaging AG and the Management Letter with the audit findings in the presence of the auditor, and approved them on April 19, 2005. The consolidated financial statements are hereby established in accordance with § 125 para. 2 of the Austrian Stock Corporation Law. The annual internal audit report thus presented a satisfactory result, since no risks beyond the company's control were apparent that could have a significant impact on the company's assets or results. Therefore there were no grounds for objections.

In 2004, a member of the Supervisory Board participated in fewer than half of the Supervisory Board meetings and will not be a candidate for the Board at the Shareholders' General Meeting on May 18, 2005. All other Supervisory Board members fulfilled their attendance duties.

The Chairman of the Supervisory Board

Guido N. Schmidt-Chiari
Vienna, April 19, 2005

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(p. 34, small photo)

Teich AG, A-3200 Weinburg
(pp. 4, 12, small photos)

Disclaimer:

This annual report was prepared with all due care and all information contained therein was reviewed. Rounding, typographical and printing errors may nevertheless appear.

The annual report contains information and forecasts based on the future development of Constantia Packaging Group. The forecasts present estimates based on all available information at the time the annual report was published. Should the assumptions underlying the forecasts turn out to be wrong, actual results may vary.

This annual report is available in English and German.

The English translation is only for reference. The German text is binding.

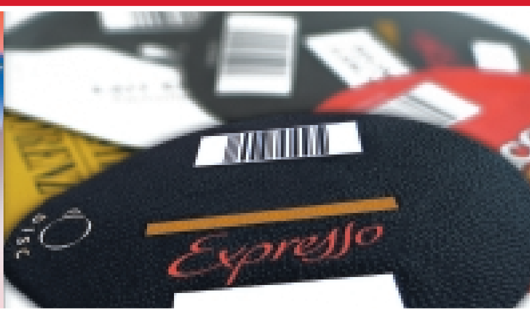
Five-year trends

Key figures for the Group (€ millions)	2000*	2001	2002	2003	2004
Total sales **	735.7	823.5	907.5	975.9	945.0
Flexible Packaging sales ***	535.9	599.5	679.7	747.3	710.6
Corrugated Board sales	207.9	224.7	228.6	229.5	235.2
EBITDA	67.5	85.6	95.9	118.1	128.4
EBITDA margin	9.2%	10.4%	10.6%	12.1%	13.6%
EBIT	28.9	37.7	46.7	61.6	75.6
EBIT margin	3.9%	4.6%	5.1%	6.3%	8.0%
EBT	22.1	27.6	36.6	52.6	69.7
EBT margin	3.0%	3.4%	4.0%	5.4%	7.4%
Consolidated net income	11.2	11.0	14.2	20.3	37.7
Total assets	543.2	646.6	690.5	657.1	747.6
Equity (including minority interests)	181.5	196.5	203.3	215.6	258.1
Equity ratio	33.4%	30.4%	29.5%	32.8%	34.5%
Debt	361.7	450.2	487.2	441.6	489.4
Capital expenditures ****	56.1	71.1	62.8	55.6	76.1
Scheduled depreciation (excluding goodwill amortization)	35.3	42.6	47.0	50.2	45.1
Average annual number of employees	4.473	4.734	5.113	5.372	5.203

Stock market data (€)	2000	2001	2002	2003	2004
High	9.20	9.00	10.85	14.00	20.75
Low	6.18	7.80	8.06	9.00	13.50
Close	8.45	8.10	9.23	13.50	20.50
Annual average	8.66	8.29	9.15	10.98	18.84
Earnings per share	0.67	0.66	0.85	1.21	2.25
P/E ratio (close)	12.65	12.33	10.92	11.18	9.11
Dividend per share *****	0.39	0.39	0.45	0.52	0.68
Dividend yield (based on average annual price)	4.50%	4.70%	4.92%	4.74%	3.61%
Shares outstanding	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000

* 2000 figures in accordance with Austrian Commercial Code
** 2003 sales adjusted for Petruzalek disposal € 941.9 million
*** 2003 sales adjusted for Petruzalek disposal € 713.2 million
**** 2004 and 2003 capital expenditures excluding additions
***** dividend 2004 proposed


Maggi
Meisterklasse
Frühlingssuppe
Meisterklasse
Chinesische
Wan Tan
Suppe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